Next Gold Dividends? (p. 19) **War Savings That Count** (p. 11)

THE FINANCIAL POST

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The Nation's Business

Let's Face the Facts — At Home

Parliament reassembles this week. So long as it is in session, Canada's war leaders—the Prime Minister, his war cabinet and other ministers—must be in attendance in the House.

To their onerous duties as policymakers and departmental heads will be added the further responsibility of Parliamentary leadership.

No minister is more affected by this added responsibility than Hon. C. D. Howe, Minister of Munitions and Supply.

Mr. Howe is trying to do the impossible.

He is policymaker and cabinet liaison for the most gigantic industrial programme ever undertaken in Canada—war supply.

And he is trying to be the administrative "boss" of that programme—actively directing and controlling the biggest of all Canadian "big" businesses.

* * *

No man living cou do both these jobs and do them well. One inevitably must interfere with the other.

Mr. Howe is a political leader and cabinet minister. As such he has a job to do—a job of leadership and inspiration.

But war supply is another job. It is an industrial job. It needs an industrialist at its head.

Herbert C. Hoover has reminded us that every nation in Europe started in the last war to organize industrial production of war materials through boards. After muddling for months and wasting "thousands of men and hundreds of million of dollars," every government fighting in that war finally created a munitions department headed by a single man.

"The profession of our soldiers and sailors is to make war," according to Mr. Hoover. "They are not trained as production and financial executives. And neither are the politicians nor bureaucrats. This is a job for businessmen and labor.

"It is an industrial job—a manufacturing job, a mass-production job for management and labor. It requires that thousands of factories be co-ordinated to do their part."

* * *

David Lawrence, this week in "The United States News," tells of how the United States got results in war production in the last war. It drifted along without effectiveness until the President saw that he had to make someone boss.

He gave Bernard M. Baruch more powers than any governmental official has ever had.

"The record is a magnificent one. Mr. Baruch brought to his side the ablest men in the country. There was no thought of party politics or any other kind of politics. And the job was done right. After the war these powers were instantly relinquished. . . ."

Mr. Lawrence declares that again today:

"The decisions must be in the hands of those who understand industrial production."

Today at Washington Mr. Roosevelt aspires to be not only the political head of the nation but its war supply boss as well. As a result the all-out defense effort is being blocked. The country is getting some results but nothing like the results it should be getting.

* * *

What is true at Washington is equally true at Ottawa.

To get results in Canada, someone must be named co-ordinator of our industrial war effort. That someone must be a person without the slightest interest in politics as such.

War supply is a big business. It is not a "departmental" job, nor a political job. It requires direction by someone with freedom of action and full power to: appoint his own staff; direct the placing of orders; be responsible for production schedules and delivery.

Mr. Howe has passed direction of parts of the supply programme to some of Canada's ablest business leaders. As heads of wholly-owned government munition and supply companies, as directors-general of production for shells, aircraft, purchasing, explosives, etc., these men are helping to share the responsibility.

* * *

What has not yet been done is to follow a simple business principle and appoint one man to co-ordinate the work of all—a "general manager" free from political connections and with power and authority to set up his own system to get results.

Ultimate responsibility will remain where it is now—with the government—represented in this case by Mr. Howe. Immediate administrative responsibility would pass to one man with the competence and authority to get one thing—results.

This change in Canada's supply programme becomes increasingly imperative as munitions and supply passes from the blueprint to the production stages. It is something which Mr. King and Mr. Howe cannot longer ignore—especially since their parliamentary duties have arrived.

This is a fact that must be faced—at home.

* * *

Leadership Needed in Facing the Facts

Let's Face the Fact that the Parliament which meets this week at Ottawa represents a people hungry for leadership.

The first job of leadership is to lead.

So far in this war it is the Canadians themselves who have called the big turns.

Repeatedly the Government has delayed taking decisive forward steps until forced belatedly into action by a rising tide of public opinion.

* * *

Canadians are united, purposeful and deadly determined. They seek a larger, more active shafe in the war effort. They are eager for more aggressive leadership.

They want Cabinet deadwood removed and the nation's war council strengthened by the ablest executive leadership, irrespective of political considerations.

They want a government which will speed ruthlessly such programmes as air training, procurement and labor supply.

They want a government which will pull no punches in curtailing the sale, importation or purchase of any commodity needed for the war effort.

They want a government to inform and inspire them as to the expanding need for sacrifice and saving.

They want elimination of public and private waste.

They want a government to deal

(Continued on page 2, col. 4)

Rail Earnings At Peak Level

From Our Own Correspondent

MONTREAL.—Gross earnings of Canadian Pacific Railway and Canadian National Railways in October touched the highest point of the year, totalling $39.9 millions. This was approximately 3% better than in the same month last year.

The two final weeks of the month accounted for the increase over last year, as the two first weeks both showed decreases.

In September rail earnings decreased for the first time for many months, with a decline of 12.4% from the last month last year.

Wheat Causes Fluctuations

Grain loadings were responsible for the fluctuation in earnings in the past two months. In September they were down substantially from the same period last year, while in the last two periods of October, a marked increase was registered.

In the 10 months period to Oct. 31 gross earnings gained $53.7 millions over the same period last year, or 18.8%.

Following is a comparative tabulation of combined rail earnings for the 10 months:

Combined Gross Earnings

	1940 $	1939 $	% Change
October	39,876,000	38,611,000	+ 3.0
Sept.	36,765,000	41,969,000	—12.4
August	36,733,000	29,010,000	+26.6
July	37,690,000	27,400,000	+37.5
June	36,552,000	25,544,000	+43.3
May	33,793,000	28,836,000	+17.3
April	29,710,000	24,565,000	+20.9
March	29,528,000	25,048,000	+18.0
February ...	29,626,000	22,263,000	+33.1
January	29,834,000	23,094,000	+29.2
	340,116,000	286,376,000	+18.8

U.K. Selling Securities With Care

Present Repatriation May Lead to Larger Plan Embracing Canadian-Held U. S. Stocks

By STAFF WRITER

OTTAWA.—Those close to the British and Canadian authorities repatriating United Kingdom holdings of Canadian securities, caution interested Canadians not to overestimate the amount involved.

They point to factors that could throw out of line attempts to calculate the amount, of which no official inkling has been given. For instance, the securities named include many which British insurance companies have purchased for accounts of their Canadian operations. These securities may never have left Canada, although sold to purchasers in Great Britain. Nor are they taken over under the vesting order announced last week.

Other large sums of securities which have found their way to purchasers in the United Kingdom are held by agents in that country in trust for owners in other countries. In this case, also, the securities would not be involved in the vesting order.

Bank of Canada's Share

Finally, it is understood that the Bank of Canada may absorb all or most of the Dominion guaranteed issues included. This will take off the Canadian market a very substantial proportion of the total.

The Britishers received the closing Canadian bid prices for Oct. 26. This fact makes it fairly easy to calculate approximately the selling level for the securities now being offered.

Apparently it is not intended to go after this with the object of making a profit for the British authorities. But on the other hand, there is

(Continued on page 2, col. 3)

Automobile Sales Off in September

Sales of leading makes of passenger autos fell off slightly in September, but volume so far this year is well ahead of 1939, it is indicated by Canadian Automotive Trade's analysis of new passenger car registrations in eastern Canada.

New Passenger Car Registrations In Eastern Canada

Twelve Leading Makes for the Month

	— Sept. — 1940	1939	Year to date 1940	1939
Plymouth ..	536	450	8,164	7,168
Ford	335	219	9,053	7,869
Chevrolet ..	311	318	11,883	9,250
Dodge	244	472	9,043	7,908
McL. Buick .	187	146	3,238	2,352
Hudson	154	228	2,308	2,000
Pontiac	146	164	4,131	3,327
Oldsmobile .	112	98	2,641	2,421
Studebaker .	111	162	1,635	1,558
Mercury ...	99	55	2,210	1,898
LaFayette ..	99	93	1,439	1,634
Chrysler ...	23	24	2,291	1,813
	2,304	2,429	58,036	49,298

Curb Clashing Bids For Labor As Trained Supply Dwindles

Observers Fear Flood of Labor Demands for Wage Increases

From Our Own Correspondent

OTTAWA. — Observers feel that unless all signs are deceptive a tidal wave of labor agitation for higher wages is now gathering momentum. It will be aimed at Ottawa and the war industries but by sheer force of competition will spread throughout industry — raising costs and, very probably, evoking renewed demands for higher wages.

Some of the companies so far affected are: John Inglis, Canadian Vickers (both in the aeronautical and the industrial engineering divisions); Canadian Car and Foundry; Algoma Steel; Kingston Shipbuilding Co.; Vancouver Engineering Works; Peck Rolling Mills; Collingwood Shipyards Ltd.; and McKinnon Industries Ltd. There are many applications for boards now pending.

Higher Wage Agitation

As between September, 1939, and September, 1940, the new cost of living index shows a rise of 5.6%. Almost every one of these demands for higher wages asserts the cost of living argument. But this argument finds small support at Ottawa, outside of old and confirmed labor men who hold key positions in the Labor Department, because for the past decade labor, has profited greatly in real wages by the cheapness of living. It is recognized, however, that further substantial increases in living costs must be avoided. Otherwise wage increases will be inescapable and the spiral of inflation will have been started.

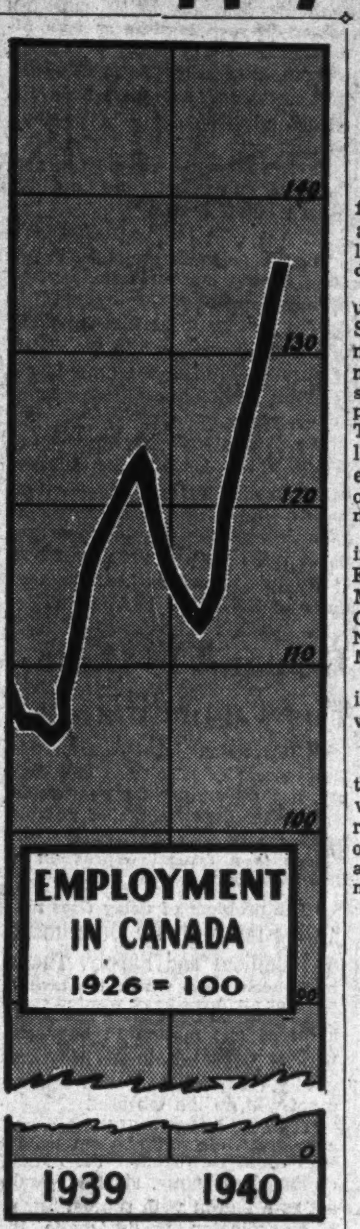
Big Demands

Something of the objectives of labor groups can be gleaned from the demands made to these conciliation boards. The demand for a 44-hour week is fairly general. The purpose here is not to achieve so short a working week. Labor knows that in war full production is imperative. But if this concession could be gained, employers — meaning in most cases the taxpayers—would have to pay time and a half for overtime. At Collingwood, demands for increases as high as 37% were made. And, as a result of these disputes, fairly wide increases — averaging 10% thereabouts—have been granted.

The Industrial Disputes Investigation Act is now regarded a faulty instrument to apply to labor disputes in war industries where cost plus or target contracts prevail. And it would appear that the full realization of this weakness has not increased interdepartmental harmony at Ottawa. There is no public record to confirm the statement, but there is good reason to believe that the Munitions and Supply Department now realizes the danger in these conciliation boards and is endeavoring to meet it.

Cleavage Seen

The published records of some of these cases, notably the Collingwood case, appear not to be complete. The full documents would reveal a cleavage in policy between Munitions and Supply and the Labor Departments. Reports from Collingwood are to the effect that Munitions and Supply insisted upon being principal parties to the dispute. How this was done is not clear but the report runs that under pressure the Labor Department admitted Munitions and Supply as a "co-employer." But for the Government to assume the dual role of arbitrator and co-employer is open to serious criticism and the reaction of labor generally can hardly be other than most critical.



The rapid absorption of Canada's manpower by industry under stimulus of war, and the looming threat to the war effort of the shortage of skilled labor, are reflected in this chart. It shows the mounting level of the employment index of the Dominion Bureau of Statistics over the past two years, up to Oct. 1 of this year.

Ottawa Plans New Control for Labor to Meet War Demands

From Our Own Correspondent

OTTAWA. — The Government finally is moving toward definite action to ease the threat of the labor crisis to the war effort in industry.

An interdepartmental committee under the chairmanship of Dr. Bryce Stewart, newly appointed deputy minister of labor, and armed with mandatory power to enforce decisions, has been holding meetings this past week on an emergency basis. The peril which lurks in the existing labor situation not only to the war effort of Canada but to the economy of the nation at large, is now recognized.

The personnel of this committee includes Prof. W. A. Mackintosh, Finance Department; H. B. Chase, Munitions and Supply; Col. George Currie, National Defense; A. J. Hills, National Labor Council; Humphrey Mitchell, secretary.

In every direction there is feverish activity and a stream of orders will soon be forthcoming.

New Control

These early orders will not go to the root of the problem, but they will bear down on practices now rife which threaten the production of war industries and, indeed, menace the whole structure of Government control. They will:

1. Stop competitive bidding as between employers engaged in war work for skilled labor.
2. Stop advertising for skilled labor except under permit.
3. Stop the rapidly growing tendency of rural industries to open employment offices in large industrial centres.
4. Scrap the National Training Plan of 30,000 men per month and substitute a plan which will make a greatly reduced demand on the working population — say 30,000 every four months.

Need New Training

These measures, of course, are merely palliatives. The core of the problem—the training of needed workers— will be speeded to the limit. But training takes time.

Departmental officials who have been eager to train youth for industry, experts who have been kept in leash for the first year of the war are now being appealed to by the Government to go full out on training and thus ease a situation which is rapidly becoming critical.

Before examining the different facets of the problem it is well to get the broad picture in perspective. Latest detailed figures on unemployment (national relief registration) are for July.

Total employment rose between July, 1939, and July, 1940, from 2,419,000 to 2,634,000—a gain of 215,000. (It gained 68,000 in August.)

The men in the fighting services rose from 10,724 to approximately 185,000. The figure for today would be about 242,000. The reduction here in man power available for war pro-

(Continued on page 8, col. 4)

See Higher Earnings For Banks

Imperial's Report This Month Expected to be Typical of Other Banks

If the experience of the Imperial Bank as estimated by The Financial Post is any criterion gross earnings of the Canadian chartered banks generally for 1940 should be slightly higher than 1939.

Special interest attaches to the Imperial's showing because for many years it has been the first of the Canadian banks to issue its annual report and its record is therefore regarded as an indication of the earnings trend of the others. Its year closes Oct. 31 and its report is usually published shortly before the annual meeting, which takes place this year on Nov. 27. Three other banks in which there is investment interest also close their year on the same date — Montreal, Commerce and the Dominion. Their reports follow the Imperial's fairly closely.

Detailed figures from which to make a close estimate of the Imperial's earnings are not as yet available. But from the condition of general business during the year and the data given in the monthly return of the chartered banks to the Minister of Finance, moderate improvement over 1939 is indicated.

Bank Revenues

There are three main sources of bank earnings: loans, investments and service charges. Loans are the big item. These include ordinary commercial or current loans, call loans on securities repayable on demand, and loans to provincial and municipal governments. Of these, commercial or current loans are the most important. During the 11 months for which the monthly bank returns to the Minister of Finance are available, Nov., 1939, to Sept., 1940, Imperial's loans averaged $64.6 millions or $8.8 millions more than in the corresponding months of the previous year. This expansion was due to two main factors:

The generally larger volume of business owing to the war, which increased industrial activity and employment.

The large western wheat crop, in 1939, movement of which had to be financed by the banks.

This larger volume of current loans with interest rates about on a par with the previous year points to a substantial increase in revenue from this source.

Call loans, however, were lower.

(Continued on page 2, col. 5)

Preston Hits Wide Ore, New Hole

Two Holes Now Suggest Ore Reserves May At Least be Doubled in Short Time

Another great width of ore has been intersected by flat drilling at Preston East Dome Mines following the original rich 1,175-ft. level hole first reported by The Post two weeks ago.

The latest hole, drilled horizontally from the 1,300-ft. level station, has intersected the downward extension of the 1,175-ft. level ore body with 110 ft. of core running an uncut grade of better than half an ounce. Cut grade is about the same as that for the 1,175-ft. hole which went better than a quarter of an ounce for 170 ft.

Hole Still in Ore

While the latest hole has already gone through 110 ft., ore is still continuing and it is quite possible that width will be as great as in the hole above. Included in the new hole is a section of slightly over 30 ft. running better than an ounce and a half, corresponding to the rich section in the first hole.

If the first two holes are any indication, the new Preston ore body is one of the greatest opened up in the north country in years. Assuming that the ore body extends only 50 ft. above the 1,175-ft. level and 50 ft. below the 1,300-ft. level, that width is 175 ft., and that it is as long as it is wide, Preston's ore reserves will be doubled. Based on the usual 12 cubic feet of ore to the ton there would be 574,218 tons of new ore for this ore body alone compared with 564,400 tons, the mine's total ore reserve at the end of 1939.

Estimate a Minimum

The vertical and horizontal dimensions assumed above are felt to be minimums, it is stated, rather than what is actually likely. It is now anticipated that holes will be drilled from stations at the 1,050 and 1,425-ft. horizons which will, of course, be of very great importance in determining the full extent of the new ore.

So significant are the new ore indications it is expected the question of increasing mill capacity will come up before the board of directors at their next meeting to be held shortly. Work has just got under way on the new levels and initial results have been startling. Drilling has been almost entirely confined to the stations on new levels and it will take time to learn the lateral extent of the big new deposit.

Co-ordinator of Supplies For War Demanded

A majority of Canadian industrialists interviewed by The Financial Post believe a non-political chief executive for the Department of Munitions and Supply is essential to the war effort.

The men interviewed were picked at random from among those actively associated with Ottawa in the placing and production of war business. Most of them were emphatically in favor of setting up a business administration, free of politics, to co-ordinate war supply.

The majority favored the appointment of an experienced industrial executive, such as The Post has been urging in recent weeks.

Costly Confusion

A typical comment was:

"The situation now is that Hon. C. D. Howe hires men—good men —some to make shells, others to make weapons, etc. But there is no one with authority to tie things together. There are no general policies laid. We are spending altogether too much money for what we are getting.

"We are in a controlled economy and that calls for co-ordination of effort not only in the Department of Munitions and Supply but as between other departments."

Demand Co-ordinator

Other businessmen approached by The Post were quick to respond with pointed comments:

* * *

"In a mouthful, you are on the right track."

* * *

"Howe, the 'president' needs a general manager, all right. Fewer men with more responsibility would get the job done more effectively, in my view."

* * *

"I am surprised there hasn't been a co-ordinator before this."

* * *

"This is a helter-skelter kind of Government. There is far too much running around in circles with too little directions as to what is needed and must be done. We need a war supply manager."

* * *

"A supply co-ordinator is only a matter of business. Mr. Howe has too much to do and it is not possible for any man to give adequate attention to all the matters coming to his attention."

* * *

"There is a great deal to be said for it. It is the method used in business."

Want no Change

In the minority were those who felt that the job of co-ordination was now being done well enough at Ottawa and that no change was called for. Several of those interviewed felt something should be done but were not sure what the remedy should be. Said one man:

"The whole system is so big, we don't seem to be able to pass out authority without strings attached to it. There is considerable lost motion but an improvement has been noted lately. What this country needs, in one sense, is not so much a co-ordinator as a dictator."

In some cases blame for existing difficulties was not placed on the

(Continued on page 2, col. 4)

The War And Business . . A Weekly Round-up

Go Ahead Signal

Chief interest to Canada in Roosevelt's re-election lies in the fact that present understandings between the English-speaking nations on many subjects will continue to grow without time lost to adjust new minds.

The Roosevelt re-election will serve to speed a number of matters slowed down by the election.

Of immediate, practical importance are these:

St. Lawrence power development: New treaty can now be completed for submission to U. S. Senate and to Parliament. Likely basis: Emphasis on power only, with no money now being invested in deeper navigation. U. S. to find the necessary dollars to pay the bills, with final financial settlement left until after the war.

Loans to U. K. and Canada: Increasing pressure on Canada's dwindling reserves of American dollars is driving this country to new restrictions on American imports. Under Roosevelt's leadership the no-lending provisions of the Neutrality Act will almost certainly be repealed, opening American capital markets to Canada. The Johnson Act, barring loans to war debt "defaulters," will be more difficult to handle. But Britain's "debt" to the U. S. A. can be smothered in further deals over naval bases, war equipment, etc.

What is certain is that a way will be found to finance British purchases of war munitions if and when British resources of gold and American dollars peter out. But Britain is still a long way from that stage.

Joint war buying: American, British and Canadian war supply chieftains have been working together more closely than ever before. The Roosevelt re-election implies a further integration of war supply.

* * *

U. S. in the War

Well-informed New Yorkers were saying, a few weeks ago, that Roosevelt or Willkie, the United States entry into the war would not be delayed much beyond February or March. There has not been time for a reassessment of the situation.

Most thinking Canadians consider a speeding-up of the American munitions programme to be a more urgent necessity than any actual declaration of war by that country.

In any event there is no programme to bring the U. S. in at any particular time. Events will determine that question.

* * *

Shift in War Supply

Another major change in emphasis may take place in Canada's war supply programme.

From the outbreak of war until early last summer Canada waited for Britain's lead. If Britain ordered guns, explosives, shells or airplanes of a certain types we made them. We undertook the leisurely manufacture of personal equipment for our own soldiers. But for most of the major items we relied upon British sources of supply. Our munitions programme was not big enough to fight a war against Guatemala or the Orkney Islands.

After Dunkirk the tempo changed. Canada, for the first time in her history, found herself "on her own." We could no longer count on Britain as a source of supply for any important munitions of war. We had to go into the production of virtually all sizes of guns, shells, tanks, vehicles, etc. Canada launched a munitions programme of tremendous size and placed orders in such infinite variety as to promise the working of an industrial revolution in Canada.

* * *

Once again there is a changing situation.

The United States has become a larger part of the democracy's munitions front.

The generals are beginning to see what the industrialists have long recognized, that there should be standardization of airplanes, tanks, gun bores, etc., between the British and American fighting forces.

Britain has surpluses in her production of some munitions, in contrast to the acute deficits in other items.

* * *

"Rationalization"

These factors combine to suggest that munitions production of the Anglo-Saxon nations will be "rationalized." Instead of each country aiming to make a complete line of all types of war equipment, there will be some specialization by each country on the goods it is best equipped to produce.

Discussions are still in the preliminary stage. But as conversations between Britain, the U. S. A. and Canada proceed, finality may be given to arrangements that will tremendously increase Canada's output of some items of equipment while taking us entirely out of the production of some others.

* * *

Watch the West

The businessman who has not got one eye glued on political developments in Manitoba is overlooking a matter of national importance. As The Financial Post shows in a special article elsewhere this week, the non-party government in Manitoba is the first blow in a campaign to organize the whole of western Canada as a political bloc, shorn of internal divisions, and presenting a solid front in support of western demands.

Nearest approach to a precedent for the new Bracken coup is the Progressive movement under T. A. Crerar 20 years ago. Mr. Crerar came to hold the balance of power for all Canada; he attached himself to the Liberal party and his small group directed the policies of that party for several years, while old-line Liberals gnashed their teeth in impotence.

Possible consequences of the West's "non-party party" include implementing the Rowell-Sirois report; splitting the two major parties; and forcing Mr. King to set up some form of national or non-party government at Ottawa to prevent his ponderous majority from wilting as many Liberal members veer to the side of John Bracken.

* * *

"Peace" Propaganda

Peace moves behind the scenes are beginning to get into newspaper gossip. There is evidence that the initiative is being taken by the Germans.

Here is the story as The Post gets it from an excellent Washington source:

German industrialists have been carrying on negotiations with American industrial groups. The Germans are saying that they are not too happy over the prospect of heading up a group of slave nations; that they are willing to say in a peace treaty that Britain is unconquerable; that they are not at all happy over the association with Stalin and the Japanese; that the war is simply ruining everybody, etc. There is evidence that British industrial groups have been approached, but no evidence that they are taking part in the conversations.

The basis of a peace treaty usually suggested is Europe for the Germans, but no encroachment upon British power or territory anywhere else in the world.

Washington has frowned on the conversations. London refuses to have anything to do with them. Both capitals appreciate that peace overtures from Germany rest upon one or other of two premises:

1. Either they are made on behalf of Hitler, in which case any undertakings are worthless. His motive would be to get a breathing spell during which he could restore his food, oil and metal supplies before taking on the Empire and the Americas.

2. Or they are made without Hitler's consent, in which case they are meaningless unless the German industrialists first remove Hitler and his Nazi gang.

German peace moves at this time look like an effort to weaken the determination of the democracies to stamp down the would-be world conquerors.

Make Sure You See —

Keeping Healthy in Wartime
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What Savings Help the War Effort?
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Blueprint for a New Deal
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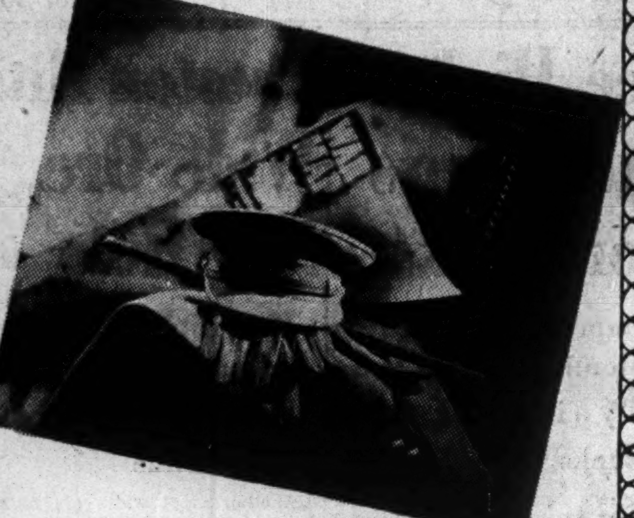
Prospects for Mine Investors
Tomorrow's Dividend Payers—p. 19.

What War Did to Foreign Bonds
What About Foreign Bonds?—p. 20.

MEN'S SHOP

FINE APPAREL FOR MEN

FOR COLD DAYS AHEAD



TIMELY GIFTS FROM THE MEN'S SHOP

Now is the time to send your gifts and remembrances to the lads On Active Service. In the Men's Shop we make a speciality of the kind of gifts that military men most appreciate . . . warm clothes for a long, cold winter ahead. We've sketched a few of them below . . . there are many others . . . all of them are gifts that will be eagerly welcomed and long cherished. Ensure the prompt arrival of your gift by mailing at once . . . make sure of quality, value and satisfaction by purchasing your gifts of clothing from the Men's Shop.

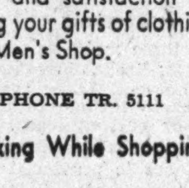
TELEPHONE TR. 5111

Free Parking While Shopping

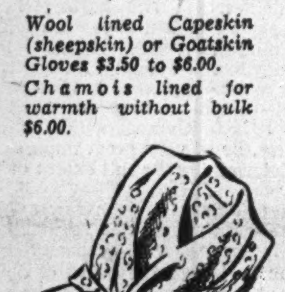
Scarfs of fine wool in khaki and Air Force blue $1.50 and $2.00.

All wool knitted sleeveless pullovers $2.95. Others $3.50 to $10.00.

Wool lined Capeskin (sheepskin) or Goatskin Gloves $3.50 to $6.00. Chamois lined for warmth without bulk $6.00.



All wool socks in khaki and black 75c and $1.00.



Wool robes from $15.00 to $30.00. Wool flannel robes from $9.50 to $15.00.

Warm pyjamas for cold nights . . . Flannelette $2.50 and $3.00 . . . Viyella (union wool and cotton) $10.00.

MEN'S SHOP

EATON'S-COLLEGE STREET

U. K. Securities Sold Carefully

(Continued from page 1)

even less intention of selling at prices which would mean losses.

On the whole, it is expected that a small profit should result from the transaction, although this will finally depend on the course of stock and bond markets generally, and the necessity, or otherwise, of hurry in realizing on the investments.

The selling will be done carefully and may take some months to finish for certain securities. On the other hand, others may be sold out quite rapidly. Officials would probably consider an offer today for the whole lot, but would not be interested in a bid for a $1,000 bond. Careful consideration will be given to protecting the markets with a view to liquidating the whole amount involved, with the greatest advantage.

Interest Firms

It is logical to expect that certain firms which are known to be connected with the underwriting market for the securities mentioned, will be approached in the placing of these bonds or stocks.

Sinking funds are likely markets for many of the bonds in particular. The Robert Simpson preferred, for example, will logically go to the company which was endeavoring earlier this year to purchase this stock at $135 a share.

Efforts were apparently made to select not only securities which would meet a ready market, but others which might require more effort to sell. Neither the British nor Canadian authorities want to find themselves left at the end with a lot of stuff which cannot be sold.

Next Vesting Order?

This consideration might easily mean that a further vesting order would come along before too many weeks, or months, have passed. If they find that the best sellers are gone, and only slow movers left, a new order is quite probable. Those interested might do well to study the United States precedent, where the second list followed closely on the first.

First reaction has apparently been a steady stream of investment dealers, brokers and individuals seeking to purchase some of these securities. The investment market has been bare of offerings of a desirable type, and dealers appear to welcome the chance to hunt for some business on the basis of such an opportunity.

Regarding prices, it is indicated that present offerings would be probably quite close to current markets. For example, if a bond was bid on Oct. 26 at 95 and offered at 98, this would mean that the United Kingdom authorities took over this security at the bid price and would probably also mean that a bid at 96 would take the whole issue.

U. S. Holdings

Not a great deal of definite information can be obtained regarding the possibility of a similar vesting order, involving United States securities held by Canadians.

The most that can be indicated is that such a vesting order is not likely in the predictable future, although the final answer must be the need for funds with which to pay for purchases in the United States.

As a matter of fact, the trend of recent months shows that Canadians have been liquidating substantial amounts of U.S. holdings, lately at the rate of several million dollars a month.

Balance on Each Deal

This shows up only partly in the figures published by the Dominion Bureau of Statistics because the Foreign Exchange Control Board receives a varying balance of U.S. dollars on every transaction. It is practically impossible to make an exactly even switch from one United States security to another. As the Board will not permit additional investment, any balance must be a credit one, which has to be turned over to the Board promptly.

There is no guarantee that the figures on Canada's international trade in securities, as published from Ottawa, cover everything involved. Authorities maintain that the permit system of handling U.K. sales worked exceedingly well from March, when it was inaugurated, until very recently, when the selling slowed up. But the figures as published do not indicate any volume of selling by U.K. investors. It was when this slowing up of sales occurred from the United Kingdom that the vesting order became necessary.

The Nation's Business

(Continued from page 1)

courageously with the Rowell-Sirois report.

They want no recurrences of departmental indifference or ignorance which permits, for example, a draft plan of doubtful military effectiveness to take men from vital war industry.

They want assurance that first things are being put first and that the war effort as a whole is being effectively co-ordinated.

* * *

These are Home Front facts which Parliament is now being called upon to face.

Other facts—the urgent need for a non-political war supply "boss" with freedom of action and full power on such matters as appointment of staff, placing of orders, meeting of specifications, getting delivery of goods, etc.—have been discussed in this column in previous weeks.

These are matters requiring parliamentary support and decisive governmental action.

* * *

The gravest danger this nation faces is that our attention will be diverted momentarily by war in Greece or Egypt or elsewhere, or that a slackened pace in the Battle of Britain may mean failure to accelerate with utmost ruthlessness the Canadian war machine.

The Prime Minister himself fell prey to this error when he blunderingly stated that he felt the situation was now "less serious."

Parliament now has the opportunity to insist that no precious moment of this winter be lost, and that the war leadership be carried forward with a fire, daring, skill and imagination equal to the capacity of the Canadian people.

* * *

Dr. Bryce Stewart Tackles Labor Job

This week, The Post publishes from its Ottawa correspondent a story on the Government's new labor policy. The policy is long overdue. It was back in August that The Financial Post called attention to the serious labor crisis that was developing.

The Ottawa dispatch reports that the Government has side-stepped the idea of a one-man labor administrator in favor of a special co-ordinating committee headed by Dr. Bryce M. Stewart, newly appointed Deputy Minister of Labor.

The committee includes Dr. Mackintosh, economic adviser to the finance department and representatives from Munitions and Supply, Defense and the National Labor Council. It is armed with mandatory power to enforce decisions and is already holding emergency meetings. It has an opportunity to alleviate the growing unrest and tension in Canada's wartime industrial relations.

Dr. Stewart has a good academic record in labor relations. He has taken the Canadian labor job as a wartime service to his native country. Some facts about his experience and record are reported on page 6.

If through his committee he can stem the deterioration of labor relations in recent months, and can take positive, constructive steps towards training and budgetting of labor supply for future needs, he will have achieved one of the most important jobs of the war.

It will be Dr. Stewart's first opportunity to prove himself a worthy incumbent of the vitally important labor portfolio.

If he gets results it will be surprising. Past experience at Ottawa does not suggest that "joint committees" get very far in meeting urgent situations. In this case the committee is under a man of only academic experience.

Demand Is Made For Co-ordinator

(Continued from page 1)

Department of Munitions and Supply but on failure to co-ordinate with other departments of government.

Here is a typical expression of that point of view:

"The problem of delay does not always rest with the Department of Munitions and Supply. There have been cases where the army, navy or air force have wanted certain equipment but there has been a lot of lost motion in between various departments in deciding finally that such and such equipment will do the job best.

"It would be better if there were a co-ordinator or 'fountain head' who could tie together the needs of the army, navy, air force and act as a liaison with supply. Such a co-ordinator would make it simpler for industrialists to get action.

"I think Mr. Howe's department is the most effective in the Government and that he is delegating more and more authority under good controllers than anyone else."

"A co-ordinator in munitions and supply would simply be an extra person to stand in the way of getting swift action."

"Politics" in War Effort

A considerable number of business executives interviewed referred to "politics" in the war effort. While a few suggested that award of contracts was on occasion influenced by party and similar considerations the suggestion of "politics" related more to the thought that "This is still a politician's war" or even "This is a Liberal war." Said another executive, "Politics are still in the driver's seat."

An example of this was thus outlined:

"A firm was requested to use an alternate source of supply for manufacturing an article for peacetime consumption. The raw material in question was vitally needed for war purposes.

"After the change had been agreed upon, 'influence' was brought to bear to permit the old source of supply to be used."

Difficulty Seen

Many of those interviewed were insistent on the dangers in "politics" as affecting war contracts, yet did not link this with the need for an industrial co-ordinator. The Post has emphasized the need for divorcing Canada's supply "boss" from politics. He would be "under Mr. Howe" but have a free hand in appointment of his assistants, authority to administer the placing of contracts and production of goods.

Fear that it would be difficult to break up the political atmosphere was expressed by one industrialist. He said:

"Absolutely right. Canada needs a non-political administrator at Ottawa. I am not one looking for patronage and can speak my mind. But it is going to be difficult to get anyone on the 'list' to say anything against the department. The amount of power that is invested in Mr. Howe is enough to horrify any man."

See Higher Earnings

(Continued from page 1)

An average monthly volume of $3.6 millions is down $1.5 million from the previous year. These loans usually vary with the activity on the security and grain markets. Slackened public interest in both classes of trading in the past year resulted in a smaller demand for call loans. Presuming that interest rate on these was also steady, a decline in revenue on this account might be expected.

Provincial loans averaged around $500,000 in the 11 months, down about $3.7 millions, while municipal loans at $6.8 millions averaged $500,000 lower. Revenue from these two will likely show a decline.

Investments

Investments averaging $67.2 millions have been running $1.1 million higher than in 1939, so that earnings from these should be up slightly, although the trend of interest rates has been no higher.

Service charges for cheques cashed, collections, etc., depend to a considerable extent on the condition of business. With business operating at a quicker pace it is reasonable to expect total service charges have been higher.

Accordingly it would appear that total gross revenues for the past fiscal year will be higher.

But how about expenses? The two main items here are the interest paid on deposits and the overhead expenses for rent, maintenance, salaries, etc.

Savings deposits averaging $94.2 millions averaged about $500,000 lower than last year. With no change in the rate paid depositors at 1½%, expenses on this account will show little change. Savings deposits of all the banks were reduced during the year by the subscriptions to the first war loan which cut sharply into total savings deposits of the banks in February.

Since then there has been some recovery, however, and while total savings deposits of the chartered banks on Sept. 30 are still below those of a year ago, the Imperial shows a gain of about $800,000 over that date, 1939. The second war loan paid for in October, however, probably will affect the savings deposits of all the banks. Overhead expenses probably will be about the same except that taxes will be heavier.

The Imperial Bank earnings record per share is as follows:

1939	$13.80	1936	$13.75
1938	13.73	1935	13.73
1937	13.83	1934	14.49

These figures have been worked out without deducting the amount written off premises.

Dividend rate since 1933 has been 10% scaled down gradually from 13% paid from 1920 to 1930.

Taxation, however, will undoubtedly cut heavily into bank revenues, bringing net well down from what it would otherwise be. Under the Excess Profits Tax it is estimated that in some cases the amount of taxes paid will be about double that of a year ago.

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The Simpson label in your custom tailored clothes is a pledge of conscientious workmanship and excellent styling. Visit Simpson's; arrange for your new custom tailored suit or overcoat today.

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Simpson's

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Hard Rock Gold Mines, Limited

(No Personal Liability)

DIVIDEND NO. 3

NOTICE IS HEREBY GIVEN that an interim Dividend of Five per cent (i.e. 5c per share) on the outstanding Capital Stock of the Company has been declared payable December 20th, 1940, to Shareholders of record at the close of business November 30th, 1940.

BY ORDER OF THE BOARD.

W. S. WALTON, Secretary.

TORONTO, November 5th, 1940.

Experienced Estates Officer Wanted, Lawyer Preferred

Box 97, The Financial Post, Toronto, Ont.

Montreal Metropolitan Commission has obtained temporary bank loans of $750,000 to refinance debentures and loans. The loan is to cover maturities of Verdun, Montreal, Lachine and several other municipalities.

Tax Policy Will Encourage Normal Advertising Increases

By STAFF WRITER

OTTAWA.—Attitude of the Dominion income tax department on advertising appropriations for 1941 will encourage "normal" expenditures for this purpose as compared with the current year. "Normal" will in many cases imply increased appropriations.

Officials put it in this fashion: If a company has had increased sales this year and has good reason to expect as high or higher sales in 1941, then in practically every case a proportionate increase in advertising appropriations would be deductible for income tax purposes. It is expected that companies will follow a "normal" policy and keep their advertising appropriations at approximately the ordinary relationship to volume of business.

Probably the chief exception to this would be where a company obtains a substantial increase in sales as a direct result of government war orders. It is claimed that advertising would have no appreciable influence on this type of sale. Officials declare that a company would not be justified in using its increased sales to the Government as a basis for calculating what would be a fair advertising appropriation.

Keep Sales Channels Open

What is regarded as a vital factor is avoidance of any danger that firms will become so engrossed in war work that they will neglect normal peacetime outlets. In any postwar adjustment, this could readily be disastrous if it were found that some rival organization had stepped in and won a controlling share of the regular output.

To guard against this danger, the importance of continued advertising is admitted by officials. By this means, a firm can keep its name and regular products before the consumer even if forced to curtail output in the interests of the war effort. The lessons of the last war in this regard have not been forgotten.

As an important official put it to The Financial Post, "I am anxious to see a large volume of advertising maintained. Actually this would not mean any loss of income tax revenue as it provides added taxable profits for publishers, advertising firms and others and has added importance of keeping normal marketing channels open."

Seek Rulings

Advertising men see this word from Ottawa as encouraging for general business. They do not object to the suggestion that sales increases due to Government war orders should not be used as the basis for increasing advertising appropriations.

But they want assurance that the rule will not work in reverse as well. That is, if a company is selling the larger proportion of its output to the Government will it be expected to reduce its advertising appropriations in proportion? They point out that the war is not going to last for ever. No firm can expect Government orders to sustain it permanently. If a firm that is engaged very largely on war business but decides to maintain advertising to protect its peacetime outlets, will it be permitted to deduct its appropriation from taxable income?

There is no clear-cut answer to this question. But in view of the Ottawa word that "normal" advertising will be expected, however, it would seem logical to expect that firms largely engaged in war work will be allowed to maintain a continuity of consumer contact.

Those companies which will be paying Excess Profits Taxes in the 75% brackets may get a little extra scrutiny if attempts are made to boost such items of expenditure as advertising or other controllable costs. It is logically in this class that any extravagance which might be found would occur. Extravagance in any form of expenditure, in this or the coming year, will not be allowed by the income tax department but "normal" expenditures will be in the past.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Halifax, N.S.	Nov.	Halifax dealers	4%	10-yr.	$450,000	*98.50	
Dominion—							
Canada Treasury Bills	Nov.			Jan. 31, '41	35,000,000	99.843	.635%

*Offering price.

To help you focus your mind on today's grave problems

—we offer the Living Trust plan. Under this arrangement, we can relieve you of investment cares and details at once, and free you to concentrate on the problems of the day. Income can be paid to you, or to others, as you direct and you can specify who is to receive the principal upon the termination of the trust. There are other major advantages of the Living Trust which we shall be glad to explain to you in person.

Crown Trust Company

Executors :: Trustees :: Financial Agents

MONTREAL TORONTO

This is a fight to the finish. No room for half measures. No room for delay. This is urgent . . . pressing . . . vital. This is **WAR**.

So Canada closes her ranks . . . . 167,000 men in the Canadian Active Service Force; 240,000 recruits to be trained during the next twelve months; an army of 500,000 by next summer . . . . .

This is one side of Canada's war effort. The other side concerns YOU.

More men . . . well equipped, well armed, well clothed, well fed . . . mean more dollars.

Canada looks to you to supply those dollars . . . and to keep on supplying them till this war is won.

Start saving **now**. Be ready to help your country when the call for money comes. Be ready to enlist **your** dollars in this fight for human freedom and decency.

Be glad you are able to help so simply and so effectively . . . . .

(Figures approximate as at Oct. 21, 1940.)

Save for Victory

THE ROYAL BANK OF CANADA

London Calling

by Atticus

Was Weakening of Austria at Versailles a Fatal Blunder? — Atticus Meets Former Austrian Firebrand—Chamberlain, Churchill, Grenfell

MR. CHAMBERLAIN

DR. SCHUSCHNIGG

LONDON.—The Conservative Party closed a stormy chapter in its history when it elected Mr. Churchill as its leader in succession to Mr. Chamberlain. After we had duly shown by the raising of hands at the Caxton Hall that we were all of one mind, Captain David Margesson left the hall to bring in Mr. Churchill. When the shouting and the tumult had died Lord Halifax broke the news to the Prime Minister that he had been chosen leader of the Party *nemine contradicente*. Whereupon a voice from the audience protested: "Unanimously!" Mr. Churchill accepted the honor modestly, graciously, sincerely, and humorously. No one was quite sure whether the Party had captured him or he the Party; but all were content.

Sir George Courthope, in supporting the motion of tribute to the retiring leader and of welcome to the new, recalled that he himself had been a member of the House when Mr. Chamberlain's father led the Tory Opposition and Mr. Churchill was a Liberal. I am not quite sure what the moral of that was supposed to be, but Sir George enjoyed it.

There was no doubt this time about the heartiness of the reception given to Mr. Churchill, but, equally, the cheers for Mr. Chamberlain, who was not present, showed that the party has no intention of accepting the verdict of those who contend that Munich was a pusillanimous surrender. The Conservative Party has its temperamental defects, but it does not lightly abandon its loyalty to a leader when adversity or ill-health, or both, force him into retirement.

• • •

An Echo From Austria

It was interesting to meet Prince Starhemberg recently at a small luncheon given by Sir George Franckenstein. This young man is almost a legendary figure who might have been created by Dumas. Like the Duke of Atholl he once had a private army, but a much larger one than the Duke. I gather that it would have dealt rough justice to German parachutists. But the Prince was also a politician. He served in the administration of Dr. Dollfuss, and then again under Dr. Schuschnigg.

When the latter returned from Berchtesgaden Prince Starhemberg urged him to mobilize the army and appeal to the outside world. The argument between the Chancellor and the young soldier-politician grew heated, or so I gather. Prince Starhemberg did not imagine that the Austrian army would be able to offer much serious resistance to the Germans; but his point, and it seems an excellent one, was that Hitler could not afford to fight Austria. It would have spoiled his story that the Austrians were pining for him and that Schuschnigg was standing between the people and their will.

Schuschnigg could not be swayed, and announced the unfortunate referendum which gave Hitler the chance to intervene and then to send his tanks and regiments as "friendly emissaries" to his blood-brothers in Austria. I was also interested in Prince Starhemberg's statement that the majority of Austrians were originally in favor of the Pan-Germanic ideal. The Treaty of Versailles had left the Republic so truncated that they turned eagerly toward the rescue which Germanic union might bring. When Hitler came to power, however, Starhemberg, who had been a leading advocate of the pan-Germanic movement, declared against the Nazis.

• • •

A Versailles Blunder?

Now he is one of the French Air Force attached to General de Gaulle. His wife is in the Argentine, and he is hoping to play a busier part in the aerial warfare than he is doing now. In some ways he is different from his legend. He is by no means the gay, irresponsible cavalier. Instead, he is earnest, smiles seldom and then rather sadly, and looks like a serious Maurice Chevalier. His last words were arresting. "Why didn't you have a strong Austria and a weak Germany at Versailles?" he asked. "That would have saved Europe."

Sir George Franckenstein nodded agreement. So did his attractive wife. A good idea, but they forget that the Serbs and the Czechs had fought for their liberty, and it would have been difficult to have denied them the fruits of victory.

• • •

Grenfell the Idealist

The passing of "Grenfell of Labrador" reminds us that there was once a world where men strove to build instead of to destroy, when religion and healing went hand in hand into distant places, and many counted their lives well lived if they served their fellow creatures and made their existence healthier and happier. Dr. Wilfred Grenfell chose to leave this country and to live among the deep-sea fishermen of Labrador. I have often looked from shipboard upon that lonely coast lying between Newfoundland and Canada and wondered what one must feel in choosing it as a place in which to labor and to live. I must confess that at this moment, with Hitler's bombers arriving every evening with the blackout, the prospect of Labrador and its lonely mists would be a singularly attractive one; but it was a peaceful England that Grenfell left.

His was a noble life, and although no one would deny the sacrifices he made I wonder if he would have been happier had he made his career at home. I remember the late Lord Tweedsmuir saying to me after his flight to the Arctic: "I was sorry to leave. There was something so overpowering about the silence and the majesty of it all that civilization seemed tawdry in comparison. The men were so strong in body and so gentle in spirit. They would travel a hundred miles across the ice or up a river to help someone whom they did not even know."

Dr. Grenfell must have thought longingly of his former life when he saw this war come and learned that the vandals of Germany were on the march once more.

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New Books . . . .

Primer of Isolationism

NEW WORLD CHALLENGE TO CAPITALISM. By M. E. Tracy. Published by Longmans, Green & Co., Toronto. Price $4.25.

The thesis of Mr. Tracy's volume is, in a few words: The New World is the world of Democracy, lily-white and lovely. Europe is the land of Imperialism. The New World should have nothing to do with the Old World until the people over there follow our good example and live in peace.

To the embroidering of this argument he brings a facile pen, assisted by a clever artist who draws impressive little pictures to illustrate each point, much in the manner of a school textbook or a Ripley cartoon.

As an exposition of the adolescent mind that finds its best political expression in a naive belief in North America's isolation from the rest of the world, this volume is not without merit. It does indeed show just how the mind of the untravelled Middle West hater of "Imperialism" works. All the old clichés are there. Early in the book, for instance, a chart speaks of Britain with 90,000 sq. miles owning "colonial possessions" of 11 million sq. miles. The Dominions are no doubt included in the figures.

The Allies and the threatened neutrals are not fighting for Imperialism, he generously concedes, but it is Imperialism that forces them to fight.

Another little chart sets forth the aims and ideals of the different warring countries in 1914-1818. The United States fought "to make the world safe for democracy." Great Britain fought "to fulfil alliance with France, and save the Empire." Not a very subtle piece of isolationist propaganda, but of a piece with the rest of the book.

This reviewer looked in vain for some paragraph wherein Mr. Tracy would seek to resolve a paradox that he has—no doubt quite unconsciously—elaborated.

The people who settled on this continent, he shows, came to find new land, new opportunity, new wealth. They had to work hard for whatever they got. That is true; but if that is not Imperialism, what is it? Was it not a policy of "acquisition and control of overseas territory" that created this western Garden of Eden?

If Mr. Tracy would pursue his thinking a little farther and more logically; if he would learn the difference between colonization and conquest, he would have a more realistic basis for his thesis.

Trust Companies

TRUST BUSINESS IN COMMON LAW COUNTRIES. By Gilbert T. Stephenson, New York: Research Council, American Association, pp. 856 and index. $5.

This is the most up-to-date and the most comprehensive book on trust business yet published. It forms the fifth in a series of trust research studies published by the Research Council of the American Bankers Association. Mr. Stephenson is director of the Trust Research Department of the Graduate School of Banking of the American Bankers Association.

The book covers the whole field of trust business in the English-speaking countries of the British Commonwealth and the United States. Three of the 20 chapters are devoted to trust business in Canada.

Main thesis is that there is a common law system of trust business which is an outgrowth of the common law itself. Detailed trust functions of the various countries are dealt with individually, concluding with a composite picture of the similarities of trust institutions, trust functions, trust principles, trust policies, trust legislation, government supervision of trust business, and trust trends in general.

R. J. K.

TYRRELL'S BOOKSHOP
The Biography of the Year
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by Lord Tweedsmuir, $3.75
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TORONTO • CANADA

Britain Delivers

Canadian Merchant Importers Pay Tribute to Increased Flow of British Goods

Enemy propaganda that Germany has blockaded Britain, cut off her foreign trade and shut down her factories and industries was given the lie direct in a broadcast over the network of the Canadian Broadcasting Corporation recently. Eight Canadian businessmen from widely diversified fields, importers all, told the world that imports from Britain, far from being cut off, had in some cases actually increased since the war began.

Though his firm had not sent any buyers overseas this year, a steady and undiminished flow of goods has been maintained said M. T. Ellis, partner in Birks-Ellis-Ryrie jewellers. Since the Battle of Britain began, the stream of incoming shipments of silverware, china, clocks, antiques, leather goods, glassware and jewellery actually showed increases. Mr. Ellis quoted a letter from Josiah Wedgwood & Sons stating that no difficulty in filling orders was anticipated. Output was stated to be higher than at any previous time in the company's history. The company's exports to North America were estimated to be up 75% since the war.

General Merchandise

The increased and virtually uninterrupted flow of British merchandise to Canada was described by R. Y. Eaton, president of the T. Eaton Co., as one of the most amazing and heartening experiences of his company since the war began.

Three shipments only out of hundreds containing merchandise for the company had been lost, he said, and they represented only 2% of the goods received from Britain during the war period to date. In the last four months the Eaton Co., he stated, had received from Britain merchandise worth $2.8 millions or $700,000 more than in the same period of 1939 and more than in the same period of pre-war years. Imports of various goods had increased from 30% in men's furnishings and clothing, for instance, to 100% in china and glassware.

Although Canada's rubber supply is produced in the far east and shipped from Singapore and his company also buys manufactured materials in Britain, particularly velveteen used in ladies' shoes, Gutta Percha and Rubber Ltd. has not lost one shipment since war began, said John A. Fraser, purchasing agent for the company. Neither British industry nor the merchant marine of the Empire had let the Gutta Percha and Rubber Ltd., down on a single order, he said.

In 1940 the Fraser Wool Co. had had shipments of raw wool and wool tops (wool processed to the point where it is ready for spinning) move on 39 different steamers from British ports, said George Fraser, president. All but one ship arrived safely.

A year ago, the International Tea Committee announced it would allow an extra 20 million tons of tea to be exported from India, Ceylon and the Netherlands East Indies, said Ralph B. Brenan, general manager T. H. Estabrooks Co. This and many more millions of tons of tea had to come thousands of miles by sea under war conditions.

Druggists' Supplies

"It is a very real thrill to see.... the shipments that arrive from overseas ....everything we have ordered (in addition to chemicals) from clinical thermometers to toothbrushes, from thermal wool to hair restorer and even veterinary products," said Bruce D. Ross, vice-president United Drug Co. and the Louis K. Liggett Co. and secretary-treasurer Boots Cash Chemists of Canada Ltd. Although there was some uncertainty regarding the exact time when merchandise would arrive because sailings are kept secret, never a week passes without shipments reaching his companies from England, he added.

Just as in peacetime the people of Britain have continued to manufacture and deliver on time and up to quality the certain types and grades of papers which only Britain can produce, declared George H. Allen, vice-president of Buntin Reid Co.

Merchandise Losses Small

There isn't any shortage of English merchandise, said Edgar G. Burton, general manager of The Robert Simpson Co. There might be slight delays, a postponement here or there but no shortage, he added. In one week in October, he said, his company had received 40 shipments from overseas, representing the products of 38 different British manufacturers. This was just in one week. "It is happening all the time," he stated. Since the outbreak of war, he continued, Simpson's has received 4,972 consignments transported in 175 ships sailing from British ports. Against these only five ships have met with mishap due to enemy action. Marine losses have been less than 3% of the goods shipped to the company since the outbreak of war. Much of this loss was sustained before the convoy system was in effect. British quality is in these goods, he added.

The Post-Bag

Up, Then Down

An American investment letter points out that in all but one of the ten presidential election years since 1900 the market has advanced following the elections.

But it also points out that in each year except two the market was, within one or two months of the election, back where it started from.

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Fires . . and Fags?

A British manufacturer of fire-fighting apparatus is running big space ads in London papers offering his wares for sale. One recent ad began:

"A cigarette . . . and a disastrous fire."

How many of London's disastrous fires of recent weeks were caused by cigarettes?

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Unrest in Italy

The U. S. News, Washington, publishes this:

"Word trickling past censors hint that the Italian people are becoming more bitter against Hitler, that the infiltration of Nazi Officials into Italy isn't helping matters much. Reports also state that Italy's internal economic situation is grave, may be near the cracking point, which would mean another area for the Hitler Gestapo to patrol."

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Unfair to C.P.R.

C.P.R. ought to cry "unfair, unfair" to the Foreign Exchange Control Board. Overnight travellers from Windsor to Toronto have long been accustomed to taking their sleeper at Detroit's Michigan Central depot. Alternative is to wait until the Chicago train comes through about 3.25 a.m. Now it is necessary to have a special F.E.C.B. permit just to cross the river to take a sleeper, unless one goes penniless, which is hardly feasible.

Result is that travellers now take the day train, use their motor cars, take a plane, or travel on the Canadian National, whose sleeper is made up at Windsor.

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Unwritten Book

Arthur Heming died before writing his autobiography, which would have been a fascinating story. He had lived romantically as a youth in the Canadian North. Later he knew all the greater American painters through his years at the famous artists' pension of "Miss Florence" at Old Lyme, Conn. Here Mr. Heming became an intimate also of Woodrow Wilson, then a university president, later a country's president.

Canada's brilliant colorist and interpreter of the mystery of the woodlands wrote the first chapter of his life. He was going to call the book "My Wild Life." This was a prankish bit of wit. Heming loved the "wild life" of nature. But his own life was retiring and ascetic. The pun in the title amused him because it was so absurd.

Many people regard Heming as the greatest Canadian painter of his day. Certainly no other artist from this country was so acclaimed and honored abroad. Most Canadian artists of this generation, though, viewed Heming's work with amused contempt. So far as Canadian modernists of the more extreme school were concerned, Heming reciprocated the feeling. He regarded their abstractions as a "cover" for their inability to draw.

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Supposed Party Magazine Disavowed by Government

From Our Own Correspondent

OTTAWA.—Recent issues of the Liberal Advocate, a monthly magazine published in Toronto, are causing concern and embarrassment to the Government.

There has been no official Liberal party publication since the first month of the war. The Liberal monthly organ made its last appearance, until the war is over, in Sept., 1939.

Meantime the Liberal Advocate of Toronto is being widely regarded, without warrant, as a party publication. This misconception apparently results from the somewhat partisan character of the editorial matter. For example, a recent issue carries a large photograph of Hon. C. D. Howe on the cover and it is stated in the issue that one of the chief purposes of the magazine is "to maintain a co-operative spirit between the Government and the people."

Members of the Government, when the magazine was brought to their attention by The Financial Post, declared that there is no connection between the party and the Liberal Advocate. Moreover, monetary heresies recently advocated in a series of three articles in the magazine find no support in official circles. In a recent issue it was stated:

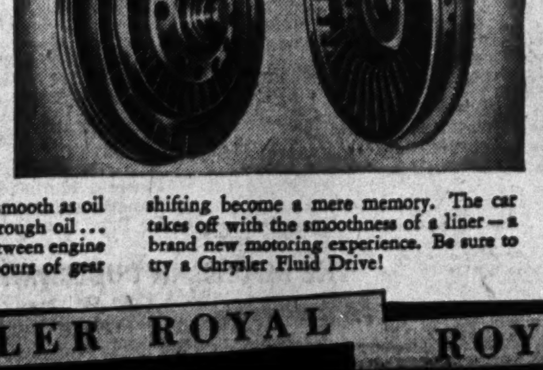
"Investigation has shown that unemployment and its subsequent ills, such as bad housing conditions, excessive taxation, burdensome public debt and starvation wages, are all directly due to our inefficient money system, which is now controlled as a private monopoly in the hands of the chartered banks."

Nothing could be farther from the point of view of the Government than this statement. The articles were propaganda for the Hallatt system of "rubber" money.

For 1941
A new, MORE BEAUTIFUL Chrysler!

1941 Chrysler Royal Four-Door Touring Sedan.

Now FLUID DRIVE!



For 1941 Fluid Drive with Simplimatic Transmission is Standard equipment on all Chrysler Royal Windsor models. Fluid Drive with an improved type transmission and Power Shift is available on Chrysler Royal models as special equipment. Fluid Drive is smooth as oil because it literally *is* a drive through oil... no metal-to-metal connection between engine and rear wheels. Jerks and labours of gear shifting become a mere memory. The car takes off with the smoothness of a liner—a brand new motoring experience. Be sure to try a Chrysler Fluid Drive!

Wider, Lower, Space-Flared Bodies.. Added Elbow Room
Richer Fabrics, Tailored to Taste.. Harmonizing Plastics

NEW AIRFLOW BODIES... wider, lower! New radiator design.. simple, massive, commanding! New, longer hood! New sharp backward rake to the windshield... thinner door posts... bigger curved rear window. Bodies belled out at the window line... for beauty, for room! Extra elbow room in rear compartment.

The last word in comfort... extra leg room. Lower centre of gravity, with lower floor, retains generous head room. Lower, stronger, double-channel, welded frame with new hydraulic shock absorbers provides a still safer Floating Ride. Steering is effortless and sure.

Inside and out, the 1941 Chryslers are a symphony of colour... and *tailored to your taste!* The exquisite new instrument panels inset with colourful new plastic... matching plastic door panels! Upholstery fabrics that will suit your individual taste in colour and texture!

Beneath those deep, wider seats, the softest Airfoam! Every fitting bespeaks real quality! Once again Chrysler Engineers have seen to it that a subtle compliment will be implied when people you meet remark—

"I see you drive a Chrysler!"

CHRYSLER ROYAL | ROYAL WINDSOR | NEW YORKER | CROWN IMPERIAL

Investment Trends

Look to United States For Near Term Lead

Even There Foreign Affairs Likely to Remain Greater Influence Than Domestic Conditions After Presidential Election is Settled.

Probability favors recovery in stock prices over the next month or two if precedents established by previous United States presidential elections can be followed. But it is also true that such recoveries have not lasted long. One notable exception to this was the election of Calvin Coolidge just as the boom period of the early '20's was getting under way.

At any rate one more uncertainty will be removed and this time it is one that has attracted almost as much attention in other countries, including Canada, as it has in the United States. Attitude of the United States to world affairs is of utmost importance, so much so that observers in that country still maintain that foreign influences will continue to dominate stock market trends. This means the virtual ignoring of unusually strong business and income background factors.

In the immediate future, it seems quite possible that Canadian stock markets will take their cue from the United States.

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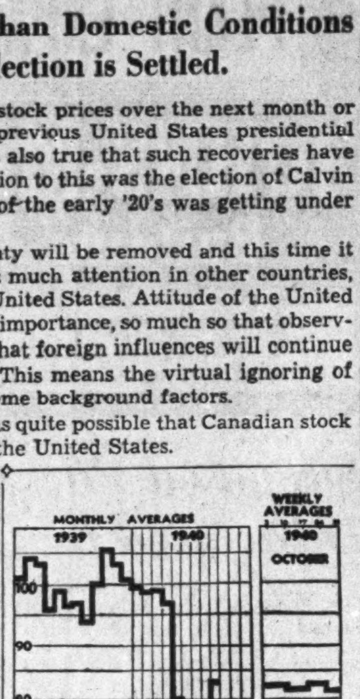

Elevator Companies

Indications that western Canadian elevator companies may be permitted to write off expenditures on construction of annexes to handle this year's bumper wheat crop should encourage investors. If this action were not permitted most of the money involved would go for taxes in any case. But if the companies are allowed to retain this money, or make a book charge against assets of doubtful permanence, the long-term position is strengthened correspondingly.

Like other industries dependent on prosperity on the prairies, elevator companies can hardly view the future with complacence. What is going to happen next year can hardly be foretold but it does not seem reasonable to expect solving of the wheat problem on short notice. For the current year there is no doubt of capacity storage revenues, although at the reduced rate per bushel prevailing this year. Offsetting this would likely be lower revenues from handling of grain but a reasonably satisfactory year for 1940-41 is quite likely.

• • •

Comparing Price Actions

The way in which stocks have acted in the past is a fair indication of how they will act in the future, according to W. D. Ross, of Batten, Ross & Co. He admits that the most that can be deducted from such technical phenomena is the probability that future action will correspond with the past. To be of value, he writes, this indicator must be used in conjunction with other known factors likely to affect individual stocks.

He has compared range of moves for 33 Canadian stocks from their 1940 highs to their lows of last June. This he has measured against the decline of the Toronto Stock Exchange industrial share index which amounted to 33.2% during the period. Thus he assumes that normal, or average, performance would have taken stocks 33.2% below their 1940 highs at the June low. But some stocks held well above this calculated low while others went below it. How these 33 stocks compared is shown from the table that follows:

	Price expected	Actual price	% Excess actual over expected
Dom. Woollen, p.	5½	7	27.3
Can. Cement	5	6	20.0
Dom. Stores	3⅞	4½	16.1
Hiram Walkers	34⅞	40	14.7
Can. Celanese	26⅞	30¾	14.4
Loblaw, A	23⅜	26	11.3
Bldg. Prods.	14⅛	15⅝	10.6
Can. Packers	80½	89	10.5
Dist. Seagrams	22⅛	24	8.5
Int. Nickel	35	37⅞	8.2
Fanny Farmer	24⅜	26¼	7.7
Cons. Mining & S.	36½	39¼	7.5
Gypsum, L. & A.	3½	3¾	7.1
Bell Telephone	145⅝	155	6.6
Cosmos Imp.	24½	26	6.1
B. A. Oil	18¼	19¼	5.5
Laura Secord	10½	11	4.8
Consumers' Gas	155½	162	4.2
Hudson Bay	25½	26½	3.9
Steel of Canada	71¾	74	3.8
Noranda	57	57½	.9
Ford of Canada	17⅜	17⅛	—1.4
Imperial Oil	11	10⅝	—3.4
Dom. Foundries	25⅞	24	—7.2
Natl. Steel Car	48⅜	44½	—8.0
C. P. R.	5⅝	5	—11.1
Intl. Petroleum	17	15	—11.7
Dom. Steel & Coal	10¼	9	—12.2
Can. Car & Fdy.	10⅛	8½	—16.0
Can. Steamships	5	4⅛	—17.5
Massey Harris	4⅛	3⅜	—18.2
Fleet Aircraft	6⅛	5	—18.3
McColl-Frontenac	6¾	5½	—18.5

Ford of Canada Staff at Peak

War Demands and Regular Operations Produce Employment Record

Ford Motor Co. of Canada has just established an all-time employment peak in its Windsor plant of 9,272 workers, according to W. R. Campbell, president. This exceeds the previous high established in Sept., 1928, when Ford employed 9,189 workers in Windsor. At that time the company was producing the model "A" car.

Tremendous volume of production for military purposes, combined with commercial production of civilian passenger cars and trucks, has accounted for the peak in employment.

Current production schedules call for 400 units daily and, since the outbreak of war, Ford of Canada has contracted to supply more than 50,000 vehicles for military purposes to Empire governments. Production of universal machine gun carriers is to commence shortly in a new $700,000 plant addition, which is nearing completion.

George Weston Earnings Hold

Net Probably Lower After Taxes — Subject to 35% Tax

Earnings of George Weston Ltd. for the first nine months of 1940, before income and "excess" profits taxes, are reported at about the same level as for the same period of 1939. Net operating profit of $779,171 was up about $17,000, but due to increase in provision for depreciation net earnings show no increase.

Due to recent changes in taxation in Canada—and in the United States where the company also operates—it is not possible to estimate accurately the amount of taxes for the nine months, according to the company's statement. It also is stated that 1940 earnings will be subject to at least a 35% tax.

Earnings Statement
Nine Months Ended Sept. 30

	1940 $	1939 $
Net operating profit*	779,171	762,137
Less: Depreciation	196,308	177,625
Net earnings before taxes	582,862	584,512
Less: Pref. divds.	67,599	67,632
	515,263	516,879

*Before depreciation and income and "excess" profits taxes, but after deduction of reserve for interest due and accrued.

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Clarkson Says Sawlog Deal Hits Abitibi

Tells Commission Great Lakes Lumber Rights Should Be Cancelled

"In my opinion, the right granted to the Great Lakes Lumber Co. under the agreement of Sept., 1940, should be cancelled," G. T. Clarkson, receiver and manager for Abitibi Power and Paper Co., told the Royal Commission enquiring into the company's affairs.

He referred to the deal whereby the Great Lakes Lumber Co. recently got permission from Ontario to cut saw logs over 11 inches in diameter, at a height of 18 inches from the ground, from Abitibi's timber limits at the head of the lakes.

Strachan Johnston, counsel for the Montreal Trust Co., characterized this deal as making the limits useless. "Allowing someone else to come in and 'gopher out' big timber" destroys the usefulness of these limits for the company, he said.

35 to 40% Loss

It was estimated that on most of Abitibi's limits a similar deal permitting the recapture of saw logs would mean a reduction of from 35% to 40% in available pulpwood on Abitibi's limits. At Smooth Rock Falls and Iroquois Falls it would mean perhaps 25% loss.

Throughout his comment at the earlier stages of the Commission hearing Mr. Clarkson emphasized the fact that Abitibi was threatened with a shortage of timber limits. On Lake Nipigon, for example, estimates show that the Nipigon River has a capacity for carrying only about 110,000 cords of pulpwood each year in the season from June 1 to Sept. 7. This is after Abitibi has spent $1 million on improving the waterway and marine equipment.

This year Abitibi itself is cutting 120,000 cords from its limits there. Other interests are cutting 45,000 cords. This means that the Nipigon River is overloaded even before the saw log cutting rights were granted.

Bond Deposit Figures

As the hearing opened, Glyn Osler, K.C., counsel for the Bondholders Protective Committee, mentioned that he represented this committee, which had about 4,400 bondholders who had deposited $42,565,500 of bonds with it. This is over 88% of all Abitibi bonds.

He reiterated the committee's belief that the value of the property held as security for the bonds was not sufficient to cover the claims of the bondholders themselves. He mentioned that the bondholders' committee was not appearing before the Royal Commission, as it did not want to take any action that might be regarded as a waiver of the sale action.

Hydro Power Deal

Ontario Hydro has asked Abitibi to supply 25-cycle power from its Abitibi Electric Development plant. Abitibi has agreed, according to Mr. Clarkson, on condition that the company does not need the power for primary power.

Under these circumstances, 20,000 h.p. goes to Hydro, with Abitibi getting the right to transport power over Hydro lines free of cost.

At Smooth Rock Falls, Abitibi has negotiated a new contract with Ontario Hydro, whereby power will come from the Abitibi Canyon development of the Ontario Hydro. At Smooth Rock, Abitibi is installing a steam power plant, toward which Ontario Hydro is contributing $50,000 of the cost.

Right now, negotiations are proceeding for joint agreement between Abitibi, the T. & N. O. and Ontario Hydro, to develop the Abitibi River so that the interests of none are injured.

Regarding Abitibi's pulp limits, the situation is particularly unfortunate at the head of the lakes, where Abitibi has two mills. Mr. Clarkson went so far as to state that the whole situation threatened continued operations by Abitibi at Port Arthur and Fort William.

Could Pay Interest

Balance sheet filed by Mr. Clarkson with the Royal Commission shows that Abitibi had current assets of $19.5 millions at Sept. 30 this year against $12.3 millions at the end of 1939. Cash is up to $6.4 millions from $303,741. Net working capital amounted to $16.4 millions at Sept. 30 compared with $10.8 millions at Dec. 31 last, a gain during the nine months of $5.6 millions.

Supplementing the financial statements, Mr. Clarkson stated before the Commission that any reorganization proposal at present would not have to include any provision for new money. On the contrary, Abitibi might be able to pay something on account of bond interest.

He estimated earnings for the entire year 1940 at $7.7 millions. Assuming that depreciation would be $1.8 million, although hinting that the company might be allowed to write off as much as $3 millions, and adding $374,000 for exchange profit, net profits for 1940 would be about $2.1 millions, after bond interest of $1.4 million but before excess profits tax.

Market Opinions

Stock market comment continues to emphasize the strong business background.

Barron's, N.Y. (The Trader) — While the tax factor, corporate and individual, takes out of the market the forceful buying willingness to bid for stocks at advancing quotations, it by no means makes for broad or insistent liquidation. The disparity between high-grade bond yields and stock returns is still too great to attract large-scale selling, and the level of brokerage loans is too small to call for correction. Moreover, a business boom is still on its way, with incoming industrial orders still rising, actually and cumulatively, and with new armament projects still being formulated. Currently both capital and consumer goods are in active demand. In a nutshell, a wartime economy prevails where — though business booms—profits are so hamstrung by taxes and uncertainties remain so persistent as to maintain a subnormal capitalization of earning power.

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Barron's N.Y. (The Dow Theorist) —The current reading under the Dow theory continues to be that the primary trend is down and the secondary trend up.

The only indication given by the market itself which way it may tend to go from here was the lack of progress Nov. 1 on a volume of well over 1,000,000 shares. This was unfavorable. Further heavy trading without price advances would be bearish, but a price recession with volume falling back to extremely low levels would give bulls more confidence.

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Brookmire Counselor, New York —In the main, economic forces should dominate the market trend. The possibility of unexpected results from abroad ought to be considered; but the clients continue warranted in retaining intact their portfolios that are soundly balanced to share in recovery and defense opportunities.

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The Financial World, N.Y.—In the great majority of cases it would appear that the retainable earnings will fully warrant existing prices for stocks, and in a significant number of cases the earnings to be realized will afford the basis for considerably better price levels than those now prevailing. It is true that what are virtually "war induced" earnings do not deserve to be capitalized at anything like earnings derived from normal peacetime pursuits which presumably are not of merely temporary nature. And for this reason the investor should not build up his hopes of capital enhancement too high. But there nevertheless remain sufficient potentialities of market improvement to warrant retention of selected issues, particularly those of good grade that are showing satisfactory yields from dividends which should continue to be earned by an adequate margin even after the payment of heavier taxes.

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Magazine of Wall Street, N.Y.—In our view this is still a market highly sensitive to events outside of the normal realm of economics and finance. It certainly is not a bull market in the sense that it is closely geared to a rising trend of business volume and earnings as was the case from late 1934 to the spring of 1937.

Excepting as regards the minority of individuals who are dependent upon regular investment income, we think this is a good time to keep a conservative proportion of capital funds liquid. We believe few equities offer solid promise of major appreciation at present.

Business Bureau Seeking More Facts For Investors

What information should the investor receive when he buys shares of a new company? Should he expect a sponsoring house to supply him with full details on money going to the treasury from sale of shares, cost price of the company's property, and release dates on vendor shares?

The Toronto Better Business Bureau is making a survey of opinion in the financial community along just these lines in a letter now being forwarded to all Toronto brokers—members and non-members alike. The questions are being asked to find out the opinion of people whose fulltime business is the selling of stocks. Replies are to be treated confidentially with the firms receiving a summary of the results of the survey.

Object of the survey is to secure co-operation of the financial community in giving a full disclosure of facts in order to secure a return of investor confidence in legitimate new enterprises. Lack of investor interest has resulted in a lag in development and exploitation of strategic war minerals at a time when a large output is particularly desirable in view of the speeding up in the war effort, it is stated.

The Better Business Bureau points out the investor has not had full access to information to allow him to evaluate shares being offered. Quoting the letter going forward to brokers:

"The trend had been distinctly toward giving less and less data to enable the investor to make an accurate appraisal of shares offered. He has found it practically impossible to determine in advance what part of the gross receipts from the treasury shares will eventually be used for mine development. Reliable data regarding marketing of vendor shares is almost unobtainable.

"Investors are morally entitled to this information. Investor confidence can only be restored by complete disclosure of essential facts.

"Reversal of the present trend to a policy of full and fair disclosure of material facts concerning securities to be offered publicly for sale will do more to create investor interest than any other factor."

Fish Board Chairman Remains in Office

Raymond Gushue, chairman of the Newfoundland Fisheries Board, will continue in that office until June 30, 1941, according to an official announcement. Mr. Gushue had previously tendered his resignation to the Commission of Government, but consented to remain until the middle of next year.

Canadian Malartic Output Higher

But Operating Profit Off as Average Ore Grade Drops

Although value of production of Canadian Malartic Gold Mines in the three months ended Sept. 30, 1940, showed an increase at $293,071 from 73,817 tons of ore milled against $269,985 from 63,561 tons of ore milled in the corresponding quarter of 1940, operating profits showed a decrease of approximately $16,000 due to treatment of lower average grade ore.

Tonnage of ore milled averaged 802 tons daily—a new record—but this was not sufficient to offset the fact that the greater production of the mill feed for the quarter came from low grade sections between the second level and surface.

Prepare East Workings

Preparations for stoping the ore body near the east boundary are in progress and the 750-ft. level is being advanced to No. 3 shaft as a haulage way. Ore from this source will be available about April, 1941, it is stated.

A station has now been cut on the 875-ft. level about 700 ft. east of the No. 2 shaft station. A winze will be sunk here to expedite development of the 708 ore body below the level. This ore body is being extended by drilling to the south and east.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	104.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	81.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Weekly Figures:												
Oct. 3	104.4	16.4	80.9	117.8	81.5	164.3	125.4	124.5	51.7	75.6	39.1	82.8
Oct. 10	105.7	16.5	81.8	117.5	81.4	163.3	124.5	124.7	51.3	75.0	39.1	82.7
Oct. 17	104.3	15.8	79.0	111.2	81.6	162.3	122.9	122.4	50.7	75.0	38.6	80.7
Oct. 24	105.2	16.1	73.7	110.1	81.7	162.5	124.9	122.9	50.9	76.0	38.8	81.1
Oct. 31	104.7	15.9	73.3	107.7	80.7	162.2	125.2	122.7	50.5	75.0	38.4	80.1

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Nov. 5	103.34	104.87	70.05	22.37
Nov. 4	103.18	102.54	69.74	22.30
Nov. 2	102.78	101.58	69.54	21.83
Nov. 1	102.64	102.30	69.98	21.93
Oct. 31	102.11	102.22	68.99	21.98
Oct. 30	101.03	100.94	68.49	21.24
Month ago	104.74	101.03	69.18	23.14
Year ago	126.76	114.67	90.49	33.24
High 1940	128.84	123.80	88.97	33.31
Low 1940	86.00	77.34	56.61	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Nov. 5	55.9	69.3	64.8	88.75	75.01
Nov. 4	55.7	69.2	64.7	88.79	74.74
Nov. 2	56.0	69.0	64.6	89.14	75.38
Nov. 1	56.2	69.3	64.9	89.46	75.72
Oct. 31	55.7	68.6	64.3	87.55	75.28
Oct. 30	55.8	68.1	64.0	85.41	76.35
Month ago	55.7	70.0	65.2	91.25	74.07
Year ago	66.8	91.9	83.5	149.82	97.34
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	50.7	56.0	54.7	66.44	55.16

Paramount Net Up This Year

Company Reports Earnings For Nine Months Double Last Year

Paramount Pictures Inc. reports earnings for the nine months ended Sept. 30, 1940, after provision for income and excess profits tax, at $4.8 millions. This includes $1.4 million as its share of undistributed earnings of partly owned non-consolidated subsidiaries and $88,000 gain on purchase of debentures.

In the comparable period of 1939, earnings on the same basis were $2.8 millions, including $1.4 million of similarly undistributed subsidiary earnings.

Estimates of earnings for the three months ending Sept. 30, 1940, after interest and all charges, but before retroactive adjustment for increased income and excess profits taxes, amounted to $1.9 million. After providing in this quarter for such additional taxes for the first nine months, earnings are estimated at $1.7 million. This includes $316,000 as the company's interest in undistributed earnings for the quarter of non-consolidated subsidiaries and $22,000 profit on purchase of debentures.

Comparative earnings for the third quarter of 1939 were $710,000, including $377,000 as the company's share of undistributed subsidiary earnings.

In the third quarter of this year, Paramount acquired 4,900 shares of first preferred stock and 11,200 shares of second preferred, making par value of both classes required during the first nine months of this year $910,200. The shares were purchased at a discount of about $170,000, which amount has been credited to a special capital surplus account.

As at Sept. 28, 1940, there were 136,689 first preferred and 543,870 second preferred shares outstanding.

Electrolux Corp. Earnings Hold

Small Drop in Share Profits After Covering New Taxes

From Our Own Correspondent

MONTREAL. — Electrolux Corp. reports net profit of $1,094,675 after all charges for the nine months ended Sept. 30, 1940. Earnings were equivalent to 88 cents a share on the capital stock compared with 90 cents for same period a year ago.

The decrease, according to a company statement, is accounted for by the increase in taxes resulting from the U. S. Revenue Act of 1940, net profit before income taxes for the third quarter as well as the nine months period having exceeded that for the 1939 period.

For the three months ended Sept. 30, 1940, earnings were $197,115, equivalent to 16 cents a share on the stock, after provision for the increased taxes including those applicable to prior quarters. This compares with $294,389 or 24 cents a share a year ago.

November Dividend Total Adds to Year's Gain

November, normally a month of comparatively small dividend payments, this year is going to show an increase over 1939 of about $1 million, according to estimates prepared by The Financial Post.

This will bring the gain for the first 11 months of 1940 to $11.7 millions and brings the total for this year to date to $240.3 millions.

December is a month of heavy dividend payments. If this year sees payments for December at the level of the same month in 1939, dividends for all of this year will be well ahead of last year. There seems little chance, however, that the record totals of 1938 and 1937 will be reached, chiefly because of the changed dividend policy of the Imperial Oil group of companies, largest dividend payers in Canada.

Several Extras

This month there are six companies paying extras, five gold mines and one oil company. The list includes, Canadian Oil, Hollinger, Kirkland Lake, Privateer, San Antonio and Toburn Gold. In addition to this two other mines, Cochenour Willans and Matachewan Consolidated, are making their initial payments this month.

Increased dividends are announced by Regent Knitting on its preferred with 80 cents being paid instead of 40 cents. Rolland Paper has jumped its common dividend from 15 cents a share to 30 cents. A participating dividend of 19 cents a share is being paid on General Steel Wares preferred. International Metal Industries is paying $6 a share on arrears on its two classes of preferred.

Electrolux Corp. is resuming payments with 25 cents a share, after deferring the August payment. Walkerville Brewery is paying five cents a share while its last payment was 2½ cents a share in April, 1939.

Monthly Dividends

	1940 $	1939 $
January	22,938,309	20,670,579
February	6,779,319	7,002,808
March	28,740,412	26,233,492
April	23,487,730	20,895,644
May	7,927,144	6,892,927
June	58,508,850	64,924,477
July	27,657,919	23,543,271
August	6,920,483	6,516,263
September	25,783,812	24,298,569
October	23,942,735	21,019,377
November	7,564,130	6,556,874
Total	240,268,843	228,554,281

Summary of November Payments

	1940 $	1939 $
Dividends	7,564,130	6,556,874
Bond interest	36,232,000	35,962,000
Total	43,796,130	42,518,874

Dividend Payments

Company:	Rate $	Date	Amount $
Ang.-Can. Tele., pf.	.68¾q	1	56,887
Ault & Wiborg, pf.	1.37½q	1	6,182
Bathurst Pr. & Pap., A	.25q	1	100,000
Beatty Bros., 1st pf.	1.50q	1	15,000
Blue Ribbon, pf.	.62½q	1	18,636
B. C. Tele., 2nd pfd.	1.50q	1	67,500
Calgary Power, pf.	1.50q	1	88,500
Canada Iron	1.50	1	23,983
Do., pref.	3s	1	116,334
Can. Bk. Commerce	2q	1	600,000
Can. Bronze	.37½q	1	30,000
Do., pref.	1.25q	1	9,375
Can. Converters	.50	15	8,667
Can. For. Invest., c.	.70	1	51,391
Can. Ind. Alcohol, A, B	.15	30	166,787
Can. Invest. Fd., sp. ord.	.04	1	95,565
Can. Investors	.10q	1	10,000
Canadian Oil, c.	.12½q	15	17,970
Do., extra	.12½	15	17,970
Coast Breweries	.03q	1	54,094
Cochenour Willans	*.03	15	87,349
Commoil	.01½	25	14,552
Com'wealth In'tl.	.04q	15	6,535
Cosmos Imperial, c.	.30q	15	30,000
Corporate Inv., A, B	.05q	15	9,928
Crown Cork	.50q	15	80,000
Distillers-Seag., p.	†1.25q	1	204,500
Davies Petroleum	.01	25	16,999
Dominion Bank	2.50q	1	175,000
Dom. Bridge	.30q	25	134,183
Dominion Tar, pfd.	1.37½q	1	69,221
Electrolux	†.25	15	309,375
Gen. St. Wares, pfd.	1.75q	20	78,750
Do., participating	.19	20	8,550
Guelph Carpet	1.50a	1	32,500
Do., pref.	1.62½q	1	3,123
Gunnar Gold	.03s	15	81,123
Gurd, Chas., pf.	1.75q	15	4,200
Hedley Mascot	.02q	15	45,282
Hollinger Cons.	.05	4	246,000
Do., extra	.05	4	246,000
Humberstone Shoe	.25q	1	3,000
Imperial Bank	2.50q	1	175,000
Int. Metal, pf., A	1.50q	1	67,809
Do., arrears	6	1	271,236
Inter. Bronze, c.	.37½q	15	37,500
Inter. Nickel, pfd.	†1.75q	1	483,488
Int. Util., $3.50 pf.	‡†.87½q	..	86,508
Kirkland L. Gold	.05s	1	266,234
Do., extra	.01	1	53,247
Leitch Gold	.02q	15	37,000
Loblaw, Inc.	†.20q	30	67,298
Loew's London, pf.	.25	30	8,435
Matachewan Cons.	*■.02	30	68,800
Mtge. Corp., N. S.	1.50q	1	10,200
Neon Pr., W. Can., p.	1.50s	1	5,400
Ont. Steel Prod.	.25	15	12,100
Do., pref.	1.75q	15	6,304
Orange Crush, p.	.35s	1	10,500
Pacific Pr. & W., pfd.	.75q	1	2,692
Paterson, Wm., pfd.	1.75q	1	658
Penmans	.75q	15	48,388
Do., pref.	1.50q	1	16,125
Privateer Mine	.03q	10	73,622
Do., extra	.02	10	49,081
Quebec Power	.25q	25	138,289
Regent Knit., pfd.	.80	1	12,800
Rolland Paper, c.	.30q	15	18,000
Saguenay Pwr., pf.	1.37½q	1	68,750
San Antonio Gold	.07s	5	164,360
Do., extra	.03	5	70,440
Sherbrooke Trust	1.50q	1	4,500
Shawinigan W. & Pr.	.22q	25	479,215
Simpson's, pref.	1.62½q	1	182,812
Simpson, Robt., pref.	3s	1	100,500
So. Amer. Gold	†.10s	20	176,000
So. Can. Power, c.	.20q	15	79,998
St. Law. Flour	.25q	1	9,000
Do., pref.	1.75q	1	10,062
Steel of Can.	.43¾q	1	201,250
Do., pref.	.43¾q	1	113,685
Sullivan Cons.	.03	1	120,000
Toburn Gold	.02q	22	37,000
Do., extra	.02	22	37,000
United Corp., A	.37q	15	19,586
United Steel, A pf.	.75s	1	16,821
Upper Can. Mines	.03	30	88,590
Vulcan Br. Pete.	.02	8	16,534
Walkerville Brew.	.05	25	18,750
Weston, Geo., pfd.	1.25q	1	21,875
Wood, A. & J., pfd.	1.75q	1	11,375
Zellers, pref.	.37½q	1	11,250
Total			7,564,130

q—Quarterly. s—Semi-annually. a—Annually. *Initial. †Payable in U. S. funds ■Subject to approval by Foreign Exchange Control Board. ‡Subject to approval of Securities and Exchange Commission and payable out of capital surplus.

Winnipeg Electric Net Decreases

Deficit of $1,109 for September Against Income of $21,188

From Our Own Correspondent

MONTREAL.—Winnipeg Electric Co. reports increase in gross earnings in September of $8,638 to $562,940, but net income after operating expenses, taxes, interest, depreciation and other charges, decreased $22,297 from the same months last year.

Net deficit for the month amounted to $1,109, against net income of $21,188 in the same month last year.

Operating Statement

September:	1940 $	1939 $
Gross earnings	562,940	554,302
Oper. exps. & taxes	332,648	324,552
Net oper. earnings	230,292	229,750
Int., depr. & other charges	231,401	208,562
Net income*	d1,109	21,188

d—Deficit. *Before providing for interest on series B bonds or redemption of contingent certificates.

Speeding Up WAR PRODUCTION

CONSIDERED indispensable by thousands who use them in times of peace, trade and technical publications are doubly so in times of war, because the true function of a business paper is to show men how to do their jobs, and conduct their businesses more efficiently and more profitably. There is the nub of the whole thing. If there is need of efficiency and profit in peacetime, how much greater is the need in time of war?

Savings and economies mean profit, and profit spells income for the Government. Waste is criminal in wartime. Business papers are engaged in preventing waste, and in promoting economies, whether it be in the field of power plant engineering, in printing, in munitions, in merchandising, or any other line of endeavor served by business papers.

A power engineering journal, for instance, is constantly engaged in telling engineers, power superintendents and management how to operate their power plants more economically—how to eliminate waste and how to get more power out of a ton of coal. This is being done, first, by describing methods by which better results may be obtained with present equipment and, secondly, by giving news of new equipment which is capable of effecting substantial savings.

At a time when capital expenditures have to be carefully watched, and when, at the same time, increased demands are being made upon power plants, it is of the utmost importance that engineers be on the lookout for ideas for promoting efficiency and cutting costs.

Similarly, there is the same crying need for efficiency, for ideas, for labor-saving methods, in all other industries. Men in the metal-working field, for instance, are being called upon to produce many things they have never made before—artillery, machine guns, shells, fuses, bombs, tanks, aircraft, and a thousand component parts. They grasp eagerly at every idea presented in their technical papers. They search them for machine tools and supplies and special equipment they need.

So, in all industries, whether directly engaged in making munitions or not, there is the same urgent need of economy. This is an economic war. The victory will go to the nations which are best able to maintain their economic position.

• • • •

There are over two hundred business publications in Canada. Their contribution to the war effort is enormous.

Business newspapers are making it their business to help win the war. Their contribution is—to make the nation more efficient—to cut costs—to distribute an endless flow of technical news and specialized information obtainable through no other channels.

The following business newspapers and magazines perform definite war service that is of great value to Canada and the Empire.

TECHNICAL
Canadian Automotive Trade
Bus and Truck Transport
Canadian Machinery and Manufacturing News
Modern Power & Engineering
Canadian Printer and Publisher
Canadian Aviation
Canadian Advertising

TRADE
Canadian Grocer
Hardware and Metal
Drug Merchandising
Canadian Paint & Varnish Magazine
Sanitary Engineer
Bookseller & Stationer
Stylewear
Men's Wear Merchandising
General Merchant of Canada
Canadian Hotel Review & Restaurant
Le Prix Courant

MAGAZINES
Maclean's Magazine
Chatelaine
Mayfair
Canadian Homes & Gardens

FINANCIAL
The Financial Post

THE MACLEAN PUBLISHING COMPANY, LIMITED
481 University Avenue,
Toronto
Branch Offices: Montreal, London, Eng., New York, Chicago.

Bond Markets

Investors Pondering Tax Power Growth

Speculate on Effect on Provincial Bonds — B. C. Issues Stronger on Announcement 1941 Maturities Arranged

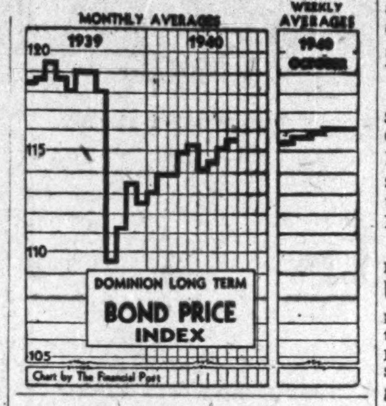
Bond investors likely will watch closely the process already under way of greater centralization of authority and taxing powers in Ottawa, arising from the necessities of war.

Signs are evident that provincial revenues may be cut into more and more by Ottawa as the war advances. It probably is reasonable to assume, however, that some adjustments likely are to be made by the Dominion if this trend develops to the point where the solvency of provincial governments is threatened.

* * *

Investors were glad to hear the announcement this week by Hon. John Hart, B.C. Minister of Finance, that arrangements have been made to take care of B.C.'s 1941 maturities. The sinking fund contains more than sufficient to meet the payments, but with almost as heavy a load to be met again in 1942, investors feel it would not be surprising if the province sought additional public money next year. The current public offering of $5.1 millions B.C. debentures—the first since 1933—has received a favorable response, although they are not yet all sold.

* * *



Municipals Favored

Further indication of the favor given new offerings of municipal bonds is found in the snapping up in quick order during the week of a $450,000 City of Halifax issue. Previously, in recent weeks, a $5.7 millions Toronto offering and $225,000 issue of Sherbrooke, Que., had been sold in unusually quick time.

High-grade markets remain firm, with offerings still light. Featuring the provincial market are the B.C. issues—stronger in the face of the news about the 1941 maturities having been arranged for. Losses and gains are mixed among the balance of the provincials, while the corporation market also remains spotty with no trend established.

* * *

B. C. Situation

The announcement of arrangements to meet the $24.5 millions of 1941 maturities in B.C. gave no details of how this will be done. But it has been stated by Finance Minister Hart that it will not involve going to the public.

The other courses left are to use the province's sinking fund or do some private refunding. The sinking fund totals $36 millions, so if this was used for the entire maturities, only $11.5 millions would be left for future maturities—and another $20.2 millions has to be met in 1942.

The wiser financial policy of meeting a portion from sinking fund and the balance through refunding, therefore, is likely to be followed. Advantage probably would be taken, too, of a receptive market in 1941 to accumulate funds from the public to be applied against the 1942 maturities.

Investors consider it likely that private refunding can be carried out on fairly good terms. It is not thought likely this would require the ticklish negotiations which Manitoba and Saskatchewan had to carry out in recent years in meeting their heavy maturities.

* * *

Quebec Loan

Negotiations between the syndicate underwriting Quebec's new loan and the Government are near completion.

The new issue will be to refund $22 millions of the province's debentures that have matured this fall. It may include an additional amount for the province's cash requirements.

It is expected that the province's success in its programme to rehabilitate finances will weigh heavily in favor of the new issue. The offering prospectus will carry financial statements detailing the progress that has been made this year.

* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 116.1 for the week ended Oct. 31 was unchanged from the previous week. It was 2.3 points higher than in the same week of last year and 0.6 points up from the same week of last month.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Oct. 25-31	Preceding week Oct. 18-24	Weekly average year ago
Price	116.1	116.1	113.8
Yield	70.8	70.8	73.4

B. C. Arranges To Look After '41 Maturities

$24.5 Millions Involved Most of Which Payable in London

From Our Own Correspondent

VANCOUVER. — Arrangements have been made to take care of the major portion of British Columbia debentures maturing in 1941, Hon. John Hart, minister of finance has revealed.

The province has $24.5 millions falling due next year. This includes $17.2 millions payable in London funds; $5.3 millions payable in Canadian funds; and $2 millions payable in Canadian or New York funds. The exchange position between Canada and Britain is favorable to the province for the London payments, while the exchange works adversely on the New York payments.

Another $20.2 millions, on account of Pacific Great Eastern Railway, matures in 1942, all of which is payable in Canadian or London funds Only other 1942 maturity is $310,000, a portion of which is payable in New York.

Another $20.5 millions—all but $310,000 on account of the Pacific Great Eastern Railway—mature in 1942, all of which are payable in sterling or Canadian funds. A portion of the $310,000 is payable in New York.

Mr. Hart has announced the $24.5 millions will be taken care of but details have not been announced. It is stated, however, the programme does not depend entirely on repayment from sinking funds, nor will it require going into the open market with new bond issues. The Government has about $36 millions in its sinking fund at present.

No Tax Increases Planned

It is understood there will be no increases in taxation to carry out the financing programme.

With next year's major maturities out of the way, it is expected the disposal of the 1942 debentures will be little more than a routine measure. That is, unless there is a striking change in the condition of the financial markets between now and then.

The 1941 and 1942 maturities are listed as follows:

B. C. 1941-42 Maturities

1941	Amount	Payable
April 1	$ 7,275,000	London
June 15 ...	3,000,000	Canada
June 30 ...	340,000	Canada
July 1	9,921,936	London
Aug. 15	2,000,000	Canada
Oct. 26	2,000,000	Canada, New York
	24,536,936	
1942		
July 15	20,160,000	Canada, London
Nov. 1	310,000	Canada, New York
	20,470,000	

Revenues at All-Time High

British Columbia's revenues reached an all-time high in the year ended March 31, 1940, the Legislature was told by Mr. Hart at its opening session last week. Revenue exceeded all previous totals by $186,000. While Mr. Hart claimed a surplus of $3.3 millions, the deficit would be $216,805 after paying for all unemployment charges. Expenditures were $29.4 millions, or $680,000 above estimates.

The province's revenues and expenditures in recent years have been as follows:

	Revenue Millions	Expenditure Millions
1935-36	$25.8	$23.2
1936-37	28.1	25.5
1937-38	31.0	27.6
1938-39	32.6	31.6
1939-40	32.8	29.4

Expenditures figures are apart from direct relief payments except in the last year.

Economy Planned

British Columbia is expected to pursue a policy of intense economy during the coming year as the usual sources of funds for refinancing—the Canadian treasury and the United States market—have been closed for the duration of war.

The province is currently raising $5.1 millions for road expenditure and other charges through the issue of 4% debentures due in 1950 to yield about 4.125%. The issue was taken by a syndicate of banks and financial houses in Canada.

Silverwood Plan Is Approved

Can Pay 9 Cents and Keep Terms of Amended Trust Deed

Proposal of officials of Silverwood Dairies Ltd. to smooth the way for payment of a common dividend has been approved by holders of the 6% registered sinking fund debentures. Terms of the trust deed have been amended to permit a distribution on the common stock, provided it does not reduce surplus below $100,000. Formerly it was required that surplus could not be cut below $200,000.

Surplus of $116,219 was shown at March 31, last, and this has been increased substantially since, as The Financial Post previously has reported. On the basis of the $116,219 surplus and 176,598 common shares outstanding at March 31, last, a common dividend of about 9 cents per share could be paid and the surplus still kept within the amended trust deed terms.

Quebec Betters Finance Status

Provincial Treasurer Reports Substantial Improvement This Year

From Our Own Correspondent

MONTREAL. — Substantial improvement in the finances of Quebec Province was reported by Hon. J. A. Arthur Mathewson, provincial treasurer, in speaking before the Canadian Society of Cost Accountants and Industrial Engineers.

During the first three months of the current fiscal year, which began July 1, disbursements on ordinary and extraordinary account totalled $16 millions, against $20 millions during the same period last year.

In the same period receipts increased to $24.5 millions, from $18 millions last year. A surplus of $8.5 millions was shown compared with a deficit of $7 millions in the same period last year.

Capital Expense Cut

There was $6.5 millions spent on capital account, against $9.5 millions in the first three months last year, a reduction of $3 millions, the provincial treasurer reported.

Taking the betterment in ordinary, extraordinary and capital account in this period, an overall improvement of $18.5 millions is indicated.

Long-term spending and short-term borrowing have caused maladjustment in Quebec's financial affairs, Mr. Mathewson declared. He pointed to the $294 millions increase in bonded debt in the past three fiscal periods.

To Honor All Debt

The Provincial Government is aware that taxation is a brake on progress and a necessary evil. The debts of the province will be honored to last penny, however, whether this involves further increases in taxation or not. It would be easier for the Government to impose "hidden" taxes, but the Government has chosen to make all its imposts apparent to the taxpayer.

Bond Sales

Dominion Treasury Bills

Reversing the upward trend in yield on Dominion Treasury Bills which had prevailed for the previous three issues, the Nov. 1 offering of $35 millions sold at a price to yield 0.635%—the lowest since Aug. 15, 1939. This compared with 0.653% for the Oct. 16 issue. Price of 99.84193 for Nov. 1 issue compared with 99.83578 for Oct. 16.

Current issue is to redeem $25 millions dated Aug. 1 and $10 millions sold May 1. The latter amount was issued in connection with the Dominion Government taking over the gold reserves of the Bank of Canada on May 1.

* * *

Halifax, N.S.

An offering made by a syndicate of Halifax dealers of $450,000 City of Halifax, N.S., 4% 10-year debentures has been sold. The issue was sold at a price of 99.50.

* * *

School Mun. of Grand'Mère, P.Q.

Harris, MacKeen, Goss & Co. has purchased $23,000 School Municipality of Grand'Mère, P.Q., 4% serial debentures, dated Sept. 1 and maturing 1941-60. The issue was sold at a cost to the municipality of about 4.15%, and proceeds are being used for capital expenditures and equipment.

List of tenders follows:

Harris, MacKeen, Goss	99.26
Banque Canadienne Nationale	99.07
A. E. Ames & Co.	99.05
Rene G. Leclerc	98.77
Dube Leblond	98.70
Des Jardins Couture	97.59
Wood, Gundy & Co.	97.50

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Drilling Cont. ..	5½%	1943	Jan. 15	100
Eastern Car	†6%	1952	Jan. 1	105
Mississippi R. Pwr.	5%	1951	Jan. 1	105
Nan.-Dun. Util.	*5½%	1964	Jan. 2	104

†Drawn by lot $44,000.
*For sinking fund $7,000.

Stock Issues:			
Stand. Steel	Pref.	Jan. 2	†150

†Plus accrued dividend.

Celtic Knitting Earnings Rise

Business Picks Up in September After Quiet Summer

From Our Own Correspondent

MONTREAL.—Sales and earnings of Celtic Knitting Co. in the year to date are on a more satisfactory basis than in the corresponding period last year.

Since September operations have been well ahead of preceding four months. At the first of the year the company was working to fill demand for women's and children's hosiery, created by a large volume of forward buying. After these orders had been filled, demand subsided and the company found it necessary to curtail operations. Since September buying has considerably increased.

Last year Celtic Knitting Co. reported net profit of $6,126, against $1,201 in 1938. This was equivalent to earnings on the common stock of 23 cents and 4 cents, respectively. Nothing has been paid on the 27,000 no par common shares outstanding since an initial dividend of 15 cents a share on Aug. 15, 1929.

Betterment in the business of Celtic Knitting has resulted entirely from better demand from peacetime channels, as the company is not equipped to participate in war business.

Dairy Corporation Sales Jump

Profits Also Higher—J. A. Caulder New President

A considerable improvement in sales and moderate increase in net profit was shown by Dairy Corp. for the six months ended Sept. 30, compared with the same period of 1939, J. A. Caulder, new president, advises The Financial Post. This period represents the first half of the company's fiscal year, which ends March 31, next. The company reported net profit of $20,109 in year ended March 31, last, compared with losses in six of the previous seven years.

The recent appointment of Mr. Caulder as president was made to replace J. W. Spears, who died Sept. 22.

R. A. Daly, vice-pres. and treas.
H. G. Stapells, sec.
A. E. Silverwood.
A. E. Naylor.
J. J. Gibson.

Ogilvie Flour Profit Lower

Taxes and Competition Cut Share Earnings From $1.42 to $1.27

From Our Own Correspondent

MONTREAL. — Ogilvie Flour Mills revenues for the year ended Aug. 31 last were about the same as in the preceding year, while share profits totalled $1.27 as against $1.42 in 1938-39. Volume of business done during the year was somewhat larger, but the gains in this respect were offset by heavier taxation and sharp competition in the domestic market.

Net profits for the past year amounted to $905,334 after all senior charges, including $171,397 for depreciation. The comparative figure in the preceding year was $996,316 after depreciation of $164,868.

Strong Balance Sheet

The balance sheet as at Aug. 31 shows net working capital of $7,494,620, a net reduction of $416,000 during the year. A bank overdraft of $1,127,500 is shown, reflected in part by an increase in inventories from $1,690,352 to $3,041,203. Investments also increased over $80,000 to $2,357,241, while shares in and amounts due by subsidiary companies show a minor contraction. Cash dropped from $695,784 to $280,147.

Dunning on Outlook

In his report to the shareholders Hon. C. A. Dunning, president, said in part:

"The demand for flour for export was greater than usual from the United Kingdom, due to war conditions, but these same conditions resulted in the closing of several other export markets. This factor of contracting outlets for export is a serious one for the industry as a whole and is one of the major problems of the future.

"As to the immediate outlook it is impossible to forecast with any degree of accuracy.

Income and Surplus Account
Years Ended Aug. 31

	1940	1939
Net revenue†	$1,076,731	$1,161,184
Less: Depreciation ...	171,397	164,868
Net profit	905,334	996,316
Less: Pfd. divds.	140,000	140,000
Com. divds.	600,000	600,000
Surplus	165,334	256,312
Prev. surplus	2,767,800	2,511,484
Surp. forward	2,933,134	2,767,800

†After management, taxes and other prior charges.

Working Capital

Current assets	$9,570,596	$8,636,230
Current liabilities ...	2,075,976	726,223
Working capital	7,494,620	7,910,007

Brazilian State Pays Part Bond Interest

Part interest on bonds of the Brazilian State of Rio Grande Do Sul is being paid. Holders of the 25-year 8% external bonds of 1921 may obtain payment of 14% on the face amount of the coupons due on Oct. 1, 1938, by application to Ladenburg, Thalman & Co., New York.

The payment amounts to $5.60 for each $40 coupon. If accepted, this will constitute payment in full. No provision has been made yet for the coupons due from April 1, 1932, to Oct. 1, 1933.

McCOLL CHANGES YEAR

From Our Own Correspondent

MONTREAL. — McColl-Frontenac Oil Co. announces that it is changing the end of its fiscal year from Jan. 31 to Dec. 31. The current year will end Dec. 31 and cover 11 months.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application

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CANADIAN graduate, eight years experience power, communication and industrial engineering. Actively engaged in development of manufacturing processes, design and provision of manufacturing equipment, work simplification, factory planning and cost control. Will consider responsible permanent positions in manufacturing or operating organizations of other industries or utilities. Write Box 95, The Financial Post, Dominion Square Bldg., Montreal.

1941 STUDEBAKER CHAMPION

Big, roomy new torpedo bodies . . . stratoliner-style interiors
Grand new riding comfort . . . brand new handling ease!

YOU'RE smart if you follow the lead of thousands of delighted Studebaker Champion owners and treat yourself to the fun and money-saving of driving this surprising low price car.

Just check what you get in this longer, lower, wider, roomier, more handsome new 1941 Studebaker Champion . . . genuine, guaranteed Studebaker quality—bodies beautifully slip-streamed in an advanced torpedo mode—spacious stratoliner-style interiors of distinctive luxury—a brand-new kind of safe, sure-footed riding comfort and handling ease!

And this big new 1941 Studebaker Champion equals or exceeds the gas-saving of the 1940 Champion that averaged 35.03 miles per Imperial gallon and decisively beat all the other largest selling lowest price cars in the official Gilmore-Yosemite Sweepstakes.

It won't cost you a cent to see it or try it—and you'll be money ahead every mile you drive it. So come in now and look into this new 1941 Studebaker Champion. Then see how easily you can become its proud owner—with your present car as part payment—liberal terms!

Lizzie KNOWS WHO READS THE STAR WEEKLY!

It's always late Sunday, or often Monday before Lizzie gets a chance to read The Star Weekly. While young Johnnie chuckles his way through the funnies, Dad's reading up on the late sports news, looking over the special colored War Map, and picking out the feature articles he's going to read later. Meanwhile Suzie's cornered the Roto Section and the Hollywood news—and Mother's sneaking off with the magazine section to enjoy the fiction stories.

Just when Lizzie thinks they should all be through Mother decides to clip a recipe, sister Suzie remembers a coupon she wants to send in and Johnnie has snitched the magazine section and disappeared with it.

And so it goes—everybody in the family reads each issue of The Star Weekly leisurely . . . and often *frequently*. Because it's edited to appeal to the whole family, the various sections pass back and forth from one to the other until the whole paper is thoroughly read.

Lizzie doesn't know much about circulation; probably the astonishing figure of 400,035 wouldn't even impress her. But she *would* be able to tell you that The Star Weekly offers advertisers a medium where their advertisements will be *seen* and *read!*

Now, about Circulation

Star Weekly circulation is rather unusual. It offers you the largest coverage to be bought anywhere in Canada. And, it's continuing to grow. The chart below gives a pretty quick idea of what we mean!

THE WHOLE FAMILY READS
The STAR WEEKLY
PUBLISHED AT 80 KING ST. W., TORONTO, CANADA

Montreal Advertising Office: University Tower. U. S. Representatives: Chas. H. Eddy Co., Inc., New York, Chicago, Boston, Atlanta

The Editorial Page . .

A Businessman to do a Business Job

Taking its cue from our editorial of last week, the Ottawa Journal has been discussing Canada's armament problem.

The real problem, in the opinion of that paper, is not the question of making contracts but whether or not we are contracting for the right things. The Journal thinks The Post labors under a misconception by stressing the need of a munitions and supply "boss" under Hon. C. D. Howe, who would have complete authority for contracts and production.

Whether or not Canada's basic war plan is sound is, of course, terribly important. If we are making tanks when we should be making airplanes; if we run short of shells or ships because we did not divert consumer goods, then there has been glaring weakness in our war leadership.

The Post has long demanded a "well integrated, co-ordinated plan." We are glad to see the Journal voicing similar sentiments.

* * *

The best war programme in the world could collapse if there were not sound placing of orders and proper follow-up on production. The need for a non-political business executive to achieve this in the Department of Munitions and Supply is obvious.

The Journal calls such a plan "nonsense." Yet it tolerates exactly the same "nonsense" in its own editorial rooms; in its own business office. In its organization, as in every well-run business, one man is placed in authority. He is responsible for getting results, picking his own associates, seeing that everyone is doing his or her job, and, in the final analysis, getting results.

Lacking such a person at Ottawa our war supply programme will almost certainly fall short of expectation and needs.

That is already true of at least one specific and vital item of war equipment. Production of this most urgently needed war equipment, The Post is reliably informed, will be delayed for several months because there has been political interference, bungling in the placing of orders, no co-ordination of programme.

* * *

The Journal objects that no single business executive can have the time, knowledge or energy to direct the entire procurement programme.

Yet Mr. Howe is now trying to do exactly this. He is trying to direct policy, administer and control the entire programme. He is trying to do nearly twice the job that a munitions chief of the type The Post urges would have to do.

Were the right man to be chosen under Mr. Howe to administer the munitions programme, he would not have to know all the details of these contracts any more than the head of a large railway or industrial plant knows the details of every item of production or sales.

A good executive appoints men whom he can trust and in whom he has implicit faith to handle the details. That is the way every well-operated business works. It is a simple business principle. But it is something which no minister can do effectively because he is tied by political and policy-making considerations.

The job is essentially one for an industrialist, one accustomed to, and skilled in, executive administration.

* * *

The Journal also objects that no man under our system of government should be given complete authority over the letting of all contracts and the control of production schedules.

The Post has never argued that Canada's war supply manager should be a law unto himself and that he should not, ultimately, be responsible to the Cabinet. In our editorial we stated that he should be "under Mr. Howe."

What is essential and what the Journal also overlooks is that at present there is no one divorced from politics who has been given authority to get results in terms of the procurement programme as a whole.

Individual industrialists have been given responsibility under Mr. Howe to do specific jobs. Some of them head government-owned companies, others are directors-general of specific items, guns, airplanes, etc. What is required is that one man, divorced from politics, should be given authority to direct the work of these individual departments, to co-ordinate the programme, hire his own assistants, make sure that all its parts are working smoothly and effectively.

It is the lack of co-ordination and control, the danger of political interference in the administration of contracts and production, that is the grave and alarming weakness of the present system.

It will not be cured until a non-political business executive is appointed by the Cabinet with authority to direct and administer war orders and war production.

Our Platform For Canada

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
4. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*
5. *A national programme for post-war employment and relief problems, along lines of Sirois report.*

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources.

To the fullest degree this should be obtained by individual effort, freely made.

Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The National Income

In time of war, facts and figures relating to national income become of the very greatest importance. To husband and direct our resources most efficiently it is vital that we have reasonably accurate yardsticks with which to measure wealth and purchasing power. Not only government fiscal policy, but the whole nature and direction of the war effort, may be affected by the knowledge (or lack of it) which exists about national productive capacity and the extent to which it is being utilized.

In a recent monthly letter the Bank of Nova Scotia made a very useful and intelligent contribution to this subject. In light of new information recently available it has appraised not only the national income produced by various industries and by all industry and services in the past decade, but also the amount of that income which has actually been available in each year. These figures supplement and extend the very important work done by the Rowell-Sirois Commission a year or two ago. They enlarge and improve our knowledge on a highly important subject.

The Bank reports that available national income (that is, the income actually at the disposal of persons and corporations in Canada) has risen in the past six years from a depression low of $2,942 millions (1933) to $4,376 millions in 1939. For 1940, a tentative estimate is made of $4,950 millions and for 1941, on the basis of present prices, it is suggested that the total will be at least in the neighborhood of $5,300 or $5,400 millions. The latter figure seems low, especially when compared with an estimate of $5,429 millions as the amount of national income available in 1929.

One important point made by the bank is the difference between national income in war and in peace. In times of peace we are accustomed to regard national income as a rough and ready measure of general material welfare. In war, when so much of the national effort is turned toward production of goods that will be destroyed rather than consumed, such a view "ceases to be valid." National income becomes only a measure of the sum total of economic activities, whether or not they add to present national well-being.

A further distinction in wartime is the effect on national income of changes in the price level. A rising income which is mainly a reflection of higher prices is a very different thing from one which comes largely from expanding production. For example, the figure of $4,950 millions given by the bank as its "informed guess" of national income in 1940 is approximately 13% or $575 millions greater than the 1939 figure. The bank estimates that one third of this increase is attributable to higher prices and two thirds to increased national production and effort.

Apparently the work of the Sirois Commission on national income is not going to be kept up to date. Instead a new study is now being made by the Dominion Bureau of Statistics. As in previous years, the D.B.S. estimates will be extended and advanced in the forthcoming edition of The Financial Post Business Year Book.

Canada is being supplied during 1940 with more accurate and reliable information on the national income than at any time in previous history.

Canada's First Soldier

A well-known Canadian spent some time recently at the Canadian Corps Headquarters in England.

In a letter to friends in Canada he pays this magnificent tribute to General McNaughton and to the work the Canadians are doing in England.

"...having been at the very centre of things... with the General and all the brass hats, I am tremendously impressed with the amount of constructive thinking going on here in some of the most vital problems affecting the conduct of the war.

"I cannot believe there is any body of men making a more valuable contribution to the winning of this war than General McNaughton and his staff.

"The G. O. C. himself is the centre of it. He possesses a first-class intellect and a creative mind of quite amazing capacity, a fund of common sense and a great charm of manner."

Britain is the Empire's first line of defense. That this defense will remain unbroken and the attack taken soon into enemy territory may in large measure be due to the genius and imagination of Canada's First Soldier.

Editorials in Brief

Calgary Herald pays tribute to the success of Saskatchewan's recent $3 millions refunding.

It contrasts the situation in that province with that of Alberta which finds its reputation for "honesty and fair dealing in meeting its financial obligations is nil."

* * *

Nova Scotians are pointing with pride to a novel industry which for several years has grown and prospered at Liverpool.

It is Best Yeast Ltd. which utilizes waste sugar from spruce and fir trees for the manufacture of yeast. The company recently opened a new plant in Ontario to supplement the Maritime output.

It is the only industry of its kind in the British Empire.

It is proof that industrial ingenuity and resource are by no means common only to "central" Canada.

* * *

U. S. tourist dollars are on the wane.

But already there's an alternate way for American friends to help Canada pay her war bills. The answer is: Christmas Trees.

In 1939, Americans bought 4.6 million trees from Canada valued at more than $500,000. Last year favorable exchange boosted this total by more than 500,000 trees.

There's no reason why war-conscious Americans shouldn't buy ten million trees this year from Canada and give us that much more money to buy U. S. bombers, machine tools and so forth. Such trees can be cut without in any way denuding our forests. Expert "thinning" is an asset rather than the reverse.

Let's start a Sell-a-U. S.-Friend-a-Tree Campaign.

THE LITTLE MAN WHO WASN'T THERE!

—Cartoon by Grassick.

Post-Scripts . . . .

Labor Deputy

Dr. Bryce M. Stewart, Canada's new deputy minister of labor is now on the job. He has assumed one of the most important wartime offices in Canada by taking, as well, the chairmanship of Canada's new labor co-ordinating committee.

For the time being, Dr. Stewart comes as near to being our labor "czar" as the Government is now willing to go.

It is so long since Dr. Stewart has been in Ottawa that few civil servants remember him. A native of Lyn, Ontario, he is (like many other topnotchers in the civil service) a graduate of Queen's University. He served in the labor department in the last war, first as a research worker in quest of his final degree and later as the editor of the Labor Gazette and the director of the Employment Service of Canada. After the war he went to the U. S. to take a prominent position in unemployment insurance organizations of private industry and gradually, with the passing of the years, he attained a leading place as a consultant on labor problems. He was a member of President Hoover's Emergency Council on Employment in 1930-31, a member of the State Advisory Council of the New York Employment Service and, since 1932, a member of the Federal Advisory Council of the U. S. Employment Service. He has also been, for many years, a consultant of the New York State Unemployment Insurance administration.

* * *

Dr. Stewart brings to his new position something of the equipment which Rt. Hon. W. L. M. King brought to the labor department in his younger days. He is not a labor man in the sense of having come up from the trade unions. But he is a labor man in the sense of having devoted his life to the betterment of the laboring class. In a theoretical way nobody could be more highly qualified than he.

Thus Dr. Stewart possesses the equipment to make a striking contribution to the labor cause in the important fields with which he is familiar. Unemployment insurance is just now going into operation and his advice will be most valuable to the new commission. Problems of labor exchanges, technical training and so forth are rapidly being created by the war effort. Here again his experience will be uniquely valuable.

One problem, obviously, will be the handling of the administrative and executive side of a department whose current estimates exceed $24.5 millions, mostly for unemployment relief. As far as is known this executive side of labor work has not previously fallen in Dr. Stewart's ken.

* * *

Dr. Stewart takes over the deputy-ministership as a wartime service to his native country. No troublesome problems of remuneration or pension arise. It must be noted also to the credit of the Government that his appointment has no taint of patronage. It has been made clearly with a view to giving much needed leadership in a department which is becoming increasingly important since war's outbreak and one which has suffered seriously from lack of senior personnel in the past.

Dr. Stewart has one great advantage over his predecessors. He knows much of the problems of labor, of modern trends in labor legislation. He has watched at close range most of the crusades of the past decade for social justice.

* * *

Dr. Stewart's appointment came as a surprise to Canadians and to Parliament Hill.

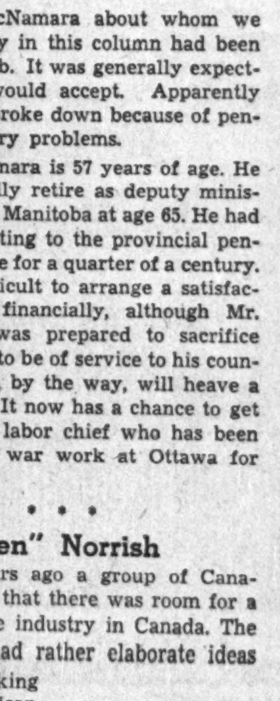
Arthur MacNamara about whom we wrote recently in this column had been offered the job. It was generally expected that he would accept. Apparently negotiations broke down because of pension and salary problems.

Mr. MacNamara is 57 years of age. He would normally retire as deputy minister of labor in Manitoba at age 65. He had been contributing to the provincial pension fund there for a quarter of a century. It proved difficult to arrange a satisfactory switch, financially, although Mr. MacNamara was prepared to sacrifice considerably, to be of service to his country. Manitoba, by the way, will heave a sigh of relief. It now has a chance to get back its able labor chief who has been doing special war work at Ottawa for many months.

* * *

"Ben" Norrish

Twenty years ago a group of Canadians decided that there was room for a motion picture industry in Canada. The same group had rather elaborate ideas about breaking into the American market.



B. E. NORRISH

The two ventures were started about the same time. Much water has flowed under the bridge since then. The American enterprise was a highly successful flop. The promoters would like to forget about it. But when they think of the Canadian unit, it is with a different feeling.

Started on a "shoestring" this company has grown steadily and surely until today it is in effect the motion picture industry of Canada. The man responsible for this achievement is B. E. Norrish, recently elected president of the Associated Screen News.

* * *

When an enterprise is successful there are many who are ready to step forward and take the credit. In the case of the Associated Screen News, Ben Norrish is and always has been the mainspring.

Twenty years ago he was in charge of the Canadian Government's Motion Picture Bureau at Ottawa. He was one of the few men in Canada at that time who knew anything about the motion picture business and his selection to head the new enterprise was a natural one.

After graduating in engineering from Queen's, Ben Norrish entered the Government service at Ottawa. He served in various departments, never very long in any one, until he was placed in charge of the motion picture bureau. His experience there as an administrator and operator, provided him with a specialized training which was to stand him in good stead in later years.

* * *

When Associated started in business, it was a company in name only. There was no elaborate studio; no grand offices. When Ben Norrish moved from one town to another, the company moved with him. He was everything from office boy to manager. Not the least of his problems in those early days was keeping track of the company's first two cameramen—Tracy Mathewson and Ross White—who have long since gone their way. Then there was the preparation of special films with limited equipment and limited capital; the "shooting" of Royal tours, with all their attendant "headaches."

In time, Associated branched out into other fields. It built its own building in Montreal. It contracted to do the printing of films brought into the country; the filming of new events; the making of "quickies." Then came the introduction of "sound" and again the company was to the fore, building its own sound studio next to the original plant.

Most of credit for the success of the company is due to Ben Norrish. Many adjustments had to be made to meet the rapid changes in the motion picture business; opposition had to be overcome. Today—20 years after—the company is soundly entrenched. A fitting recognition of that achievement is the election of Ben Norrish to the presidency.

* * *

As Others See Us

Time is of the Essence

Le Jour, Montreal

Under the signature of the eminent English writer, Sir Norman Angell, we find in the last issue of The Financial Post a most interesting article and one which gives timely answers to some of the questions which Nazi and Fascist total propaganda attempts to rain on us in Quebec. Sir Norman studies at first the Hitler method as exercised in Europe before and since the war.

When Hitler undertook to become the master of Germany, writes Sir Norman, persuasion—that art of making certain ideas enter by skill into the spirit of the masses—was the only arm which he possessed . . . In fact, the first victories—and in the strategic sense, the greatest—that the Fuehrer won, were without bloodshed, by political intrigue, in dividing his enemies in their views, in spreading moral and political disunion among the peoples he intended to dominate. As he himself expressed it: "Our strategy is to destroy the enemy from within, to conquer it by itself."

Such are the ideas, to which Great Britain did not pay sufficient attention, and which Nazism exploits today to retard, for it cannot prevent, the union of the English-speaking peoples. This union, accomplished in time will assure the defeat of Hitler; but the Fuehrer is counting upon it coming too late to save England.

Stop Me If . . . .

A few weeks ago a Canadian sat down in a famous London Club to write a letter to some friends in Canada.

Suddenly the A.A. batteries "let off." The trees outside shivered. The building shook.

An old fellow reading "The Times" in a deep arm chair looked up testily and grunted:

"They're beginning damned early today."

He returned to his paper.

Other People's Views . . . .

The Canadian Editorial of the Week

Canada's 1941 Wheat Policies

Edmonton Journal

Although the sowing of the 1941 western Canadian wheat crop is still six months away, the grave problems that it is likely to present need to be considered now with the utmost care. To go on merely hoping for the best until another harvest is at hand, and taking no steps toward avoiding the serious conditions with which we are threatened, would be extremely foolish. When Parliament assembles, it cannot address itself too promptly or too earnestly to the formulation of policies that the huge prospective accumulation of the country's wheat supplies demand.

There was a Canadian wheat carryover into the new marketing year on July 31 of approximately 300,000,000 bushels. This year's crop was put by the federal bureau at 561,104,000 bushels for the whole Dominion and 544,598,000 for the three prairie provinces. There is quite a probability that the estimates will prove too low. Even if the export sales before July 31 are as large as anyone dares to hope for, there will be a carryover then of at least 500,000,000 bushels. This is considerably more than our present elevator capacity. So it must be asked what would be done with the 1941 crop? If it should be anything like this year's and the overseas demand did not increase greatly in the meanwhile, the prospect would be staggering.

* * *

With such a situation well within the realm of possibility, must not steps be taken to cut down production for the time being? It is being repeated frequently by prominent Canadians that there would be no excuse for doing so. Last week the Ontario Minister of Agriculture stated that Canadian farmers must increase their output, even if there were danger of surpluses, in order to help in the winning of the war. They want to help to the fullest extent of their ability. But how is their wheat output, when it is so far in excess of present demands, to be financed and how is it to be stored if, on the harvesting of next year's crop, there is found to be no elevator space for it available?

A weekly publication called Foreign Crops and Marketing, issued by the U. S. Department of Agriculture, stated the other day that at Ottawa "official consideration is now being given to the possibility of reducing the 1941 acreage to a point where the crop would amount to approximately 200,000,000 bushels." No confirmation of this report has come from the Canadian capital yet. But at any rate it would be welcome to find that the question is receiving some study there. This ought to be speeded up sufficiently to permit of the making of definite recommendations by the Government to Parliament at an early stage of the approaching session.

Under existing conditions it is unreasonable for the wheat growers to expect a continuance of the guaranteed minimum price on next year's crop, unless some control over the acreage planted is established at the same time. They should recognize and be prepared for this.

* * *

The Mail-box

The West Has an Answer

Editor, The Financial Post:

In reading the current issue of your valued paper it is interesting to read of the perplexity faced by eastern Canada in relation to wartime labor supply, as stressed in your editorial columns. You ask the question: "Where will we get these workers?"

Out West, in this large populous centre we do not face this question, for wartime work is noted by its lack, and we have many thousands of unemployed youth of both sexes who try in vain to secure employment and a start in life. Indeed very many young men recently trained in shop practice of the various branches of mechanical industry, under the Government's Youth Training Plan, still are wondering where their first job is coming from, with very little promise in the offing.

So far, the war means very little to this part of the country, outside of recruiting for His Majesty's Canadian Services, and appeals for financial help. That is, of course, apart from sentiment, which naturally is strong in loyalty.

S. A. BENNETT,

Vancouver, B.C.

* * *

Health and Patriotism

Editor, The Financial Post:

Your editorial headed "Health and Patriotism" appearing in the latest Financial Post is most timely and this letter is the result of the paragraph contained therein referring to the necessity for a campaign to advise housewives respecting the use of Canadian fruits and vegetables in lieu of those imported from the United States.

The past few years the orange growers of Florida and California have conducted a most vigorous campaign in numerous Canadian publications extolling the value of their citrus fruits, with the result that their sales have increased, followed by a decrease in the sale of Canadian apples. I realize that citrus fruits are most enjoyable and contain vitamins of great value but your editorial caused me to make some enquiries to ascertain if Canadian fruits and vegetables could be used in substitution therefor.

My casual enquiries elicited the information from several officers in the Canadian forces that citrus fruits are not included in the rations of the Canadian Army serving in Canada. I served in the Great War and carried many a sand bag filled with bully beef, hardtack and cheese but I cannot remember receiving an issue of oranges except on rare occasions.

I have not attempted to conduct any exhaustive research respecting the value of citrus fruits, but I believe that the health of the citizens of Canada would not be endangered by any action that the Government might take to restrict the sale of such fruits in Canada during the war.

The Financial Post and Maclean's Magazine would, in my opinion, render valuable assistance to the Canadian farmer and to Canada's war effort by urging the Government to restrict or prohibit the importation of American fruit and vegetables during the war.

SUBSCRIBER,

London, Ont.

* * *

What the Papers Are Saying

Canadian Window Glass

Two editorial friends of ours are urging that Canada should do something about a factory in Canada for supplying the tremendous demands for window glass that will occur as a result of the war.

The suggestion started with the Canadian Statesman of Bowmanville. It is supported by the Brantford Expositor which adds some highly pertinent remarks about the need for new industries which will weather the storm and make a contribution after the war is finished.

Says the Expositor:

"The present, of course, is not a time in which to attract industries that would compete with organized enterprises that are already capable of supplying the country's needs. But in the matter of glass manufacture there is room for enormous expansion. Belgium formerly supplied large amounts, but that country is out of the picture owing to the disorganization of industry by reason of the German occupation. If the establishment of glass manufacture is practicable, it would add considerable wealth to the country in supplying future needs.

"Canadians will be wise to take advantage of every opportunity to gain new industries or to expand existing ones. The reconstruction that will be necessary following the war will be enormous, in fact, almost incalculable in extent. Canada, owing to the abundance and variety of her natural resources is in a position to provide supplies of almost every sort in large quantities. Nothing should be left undone to bring the greatest possible trade to this country when the war is ended."

* * *

Where Can I Get Them?

Canadian Machinery

"How much am I going to have to pay to get a good draftsman away from one of the big metal-working plants," was in effect, the question asked Canadian Machinery this week. The same day the head of a firm now building a plant here for a war product said to the editor that he was very much worried over staffing the place. He needed some highly skilled help, which he had not yet been able to locate, and he needed a large group of semi-skilled machine operators and bench workers. He was tentatively investigating the possibility of putting a group of trainees into a technical school.

England, a much more intensely industrialized country than Canada, took the matter of skilled labor definitely in hand. Canada has not done so. The Minister of Labor for Canada has announced that he is not going to interfere with any man bettering himself.

When the dozens of new plants now being constructed begin to come into production in the spring, the labor situation is going to become desperate. Ottawa has announced no plans for dealing with it. The Minister of Labor should demand that his advisory labor supply board recommend action suitable to the situation as it is now and to take care of future developments (which the board may already have done) and should act at once on these recommendations.

* * *

Sayings of the Week

"Despising democracy and not knowing our strength, those who have destroyed other free peoples deem the United States an effete, degenerate democracy." — *President Roosevelt.*

* * *

"The greatest fortification of democracy is the human heart." — *Walter Lippmann.*

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Week in Business

War Business Level Continues to Rise

Expansion in Production and Distribution Shown in Most Lines Over Last Year—Western Trade Volume Exceeds Expectations

Current business indices continue to reflect active business conditions. Production and distribution in most lines are higher than a year ago.

Of 52 business indicators compiled by The Financial Post, over 80% show improvement over last year. In some cases the gains are outstanding. For instance, iron and steel production in September rose more than 60% and 30% respectively above last year. Motor truck production was about 28 times that of a year ago. Construction contracts in October were about double. Employment and the spending power of the people have benefitted accordingly.

With Canada now at war for 14 months it is possible to compare one war month with another war month a year ago. These companies show that the industrial and business expansion due to the war is continuing.

The problem now confronting businessmen as well as every citizen is to direct their spending and industrial effort into the channels that will be most helpful to the war cause.

* * *

Reports from western Canada indicate that fears that the restricted movement of wheat would have a serious effect on business are not likely to be realized. Western business is better than expected. Evidently the quantity of wheat which grain growers have been able to deliver, together with such credit as they have been able to obtain, has been sufficient to increase demand for all sorts of goods. Reports from different western centres generally indicate that sales of groceries, food products, gasoline, hardware and builders' supplies are quite satisfactory. Mild weather, however, has held back the demand for knitted goods and cold weather clothing. Building is active at all western centres.

* * *

The heavier demand for general merchandise is reflected in the railway carloadings. These for the week ended Oct. 26 were substantially higher than in the preceding week or the corresponding week last year. Gains over the preceding week were shown in every division, even including grain.

Advance reports indicate that the efforts to get Great Britain to pay a higher price for Canadian wheat and to make a new contract for a larger quantity of bacon have been unsuccessful. However, it is believed the British Isles will continue to be a market for a very substantial part of Canada's production of both.

Business Indicators

Current business continues active, although index of business activity for the week ended Oct. 26 pulled below previous week and last year by lower stock market prices and trading.

Carloadings for week ended Oct. 26 approximately 10% above last year.

Railway gross traffic earnings for last 10 days of October higher than last year for both C. N. R. and C. P. R.

Iron and steel production in September approximately 60 and 30% over 1939.

Automotive sales in September lower for passenger cars, but larger for trucks.

Construction contracts in October about 85% higher than year ago.

Newsprint exports about 33% higher in September than last year.

Retail sales in September higher than year ago. Wholesale sales lower.

Employment at Oct. 1 about 12% above last year.

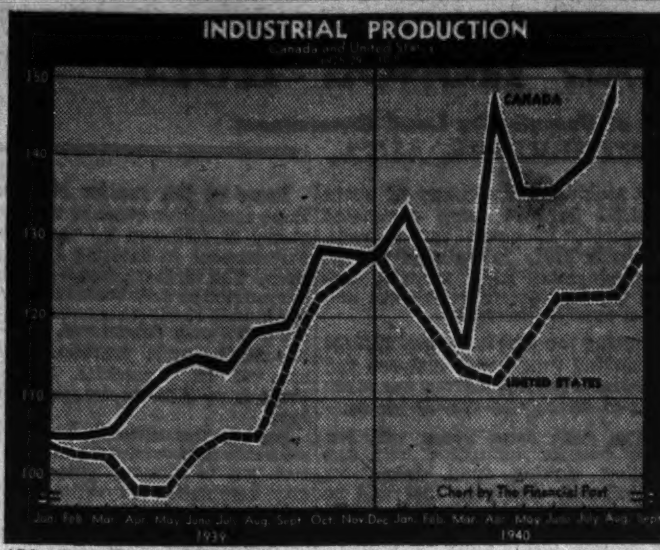
Sugar grindings for four weeks ended Oct. 5 10% below year ago. Total for year to date up 7.5%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ■.

TREND OF BUSINESS—	Oct. 26	Oct. 19	Oct. 12	Oct. 5	Oct. 28/39
Weekly index of business, D.B.S.	101.8	102.5	104.9	105.3	102.8
Commodity prices index no.	83.5	83.3	83.1	83.0	79.0
	Sept.	Aug.	July	June	Year Ago
The Financial Post business index	*147.4	142.9	139.5	141.7	122.6
■Retail sales index no.	90.4	93.7	89.4	91.9	86.0
Dept. store sales index no.	88.8	89.2	87.5	81.4	86.6
■Wholesale sales index no.	123.8	115.1	105.2	117.6	148.4
■Country store (% change pr. yr.)	—10.7	+9.8	+6.2	+8.3	+12.1
EMPLOYMENT Index Nos., D.B.S.	Oct. 1	Sept. 1	Aug. 1	July 1	Year Ago
■All industries	136.2	131.6	127.9	124.7	121.7
■Manufacturing	143.8	138.4	134.4	130.3	119.7
■Wage earners, no. 000's	....	....	2,709	2,634	2,461
Living costs weekly budget	....	$17.82	$17.90	$17.84	$16.93
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
■Carloadings (week Oct. 26)	64,379	59,903	2,296,680	2,081,899	+10.3
■C.N.R. gross week (Oct. 31) $	7,923,320	6,852,075	201,400,970	164,189,092	+22.6
■C.P.R. gross week (Oct. 31) $	5,983,000	5,021,000	138,736,000	122,111,000	+13.5
C.N.R. net revenue (Sept.) $	3,927,467	6,304,642	27,968,316	6,652,354	+320.4
C.P.R. net revenue (Sept.) $	2,985,540	5,821,955	20,289,975	12,705,409	+59.6
IRON AND STEEL—Sept.—					
■Pig iron production (tons)	105,020	65,954	839,456	487,982	+72.2
■Steel ingots and castings prod. .... (tons)	164,515	124,384	1,464,548	937,693	+56.2
AUTOMOBILES—(Number)—					
Passenger Cars:					
■Domestic sales* .. (Sept.)	3,591	4,948	80,541	68,953	+16.8
Factory output .. (Sept.)	3,410	3,494	80,603	79,642	+1.2
Trucks and Buses:					
■Domestic sales* .. (Sept.)	2,084	1,808	23,815	19,833	+20.1
Factory output .. (Sept.)	12,065	427	74,245	30,644	+142.2
Financing:					
Used .... (Sept.) $	3,247,690	2,329,244	32,873,671	27,617,035	+19.0
New .... (Sept.) $	2,017,453	1,793,221	26,102,370	22,084,791	+18.2
CONSTRUCTION—					
■Contracts awarded .. (Oct.) $	26,360,600	14,228,100	274,109,600	165,010,000	+66.1
Cement prod., bbls. (July)	983,000	736,000	3,710,804	2,730,691	+35.9
AGRICULTURE—					
■Flour prod., bbls. .. (Sept.)	1,635,849	1,927,102	11,717,941	11,237,017	+4.2
Flour exp., bbls. . (Sept.) $	550,754	416,553	5,192,380	3,422,504	+51.7
Wheat exp., bush. . (Sept.)	9,499,854	15,641,142	100,470,813	91,008,092	+10.3
Cattle sales▲ ...... (Sept.)	115,444	98,371	788,455	741,429	+6.3
Hog sales▲ .... (Sept.)	413,207	251,261	3,436,840	2,336,167	+47.0
SEA FISHERIES—‡					
Catch, cwts. .... (Sept.)	1,031,500	964,400	8,397,850	7,567,850	+10.9
Landed value ...... (Sept.) $	1,825,200	1,951,700	14,291,700	13,903,450	+2.7
NEWSPRINT—					
Production, tons ... (Sept.)	282,322	253,230	2,573,605	2,058,899	+25.0
Exports, tons ..... (Sept.)	301,292	228,163	2,426,929	1,878,942	+29.2
MINING AND OILS—					
Coal prod., tons .. (July)	1,227,967	1,093,542	9,455,368	7,909,811	+19.5
Coal imports, tons . (July)	2,398,461	1,590,973	9,125,592	5,456,919	+67.2
Gold prod., fine oz. (July)	456,626	439,925	3,028,668	2,929,894	+3.3
■Crude oil prod., bbl. (Aug.)	868,651	795,844	5,426,813	5,066,251	+7.1
Crude oil imp., bbl. (Aug.)	....	....	25,834,800	22,902,000	+12.8
ELECTRIC POWER OUTPUT—(September)—					
Total monthly, 1,000 kw.h.'s	2,399,678	2,380,652	22,483,592	20,623,780	+9.0
FOREIGN TRADE—♦					
■Imports .... (Sept.)	86,286,828	73,564,271	768,719,704	515,331,719	+49.1
■Exports .... (Sept.)	102,778,196	82,456,582	869,311,971	644,040,089	+34.9
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (Sept.)	276,912	216,480	1,788,363	1,579,885	+13.2
Shoes, prod., pr. .. (Aug.)	2,382,680	2,453,069	16,969,649	15,536,833	+9.2
Cotton consump., lb. (Sept.)	14,286,924	11,357,757	142,218,479	85,825,455	+65.7
Raw rubber imp., lb. (Aug.)	9,987,073	4,553,281	62,022,360	40,749,354	+52.2
Cigarette cons. No.† (Sept.)	597,291	584,758	5,563,072	5,274,644	+5.4
■Sugar manufactured .. lb.§	92,174,302	101,604,562	712,519,894	662,803,108	+7.5
FINANCE—					
Bank debits† ...... (Sept.) $	2,571,236	2,831,651	24,653,180	22,731,224	+8.4
Bond sales† .... (Sept.) $	400,972	50,646	1,742,945	1,036,510	+68.1
Life insurance sales (Sept.) $	26,156,000	34,252,000	267,381,000	269,033,000	—0.6

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to Oct. 5, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.
▲Total at yards and plants.
New items for week marked ■

SKF
BALL & ROLLER BEARINGS
ALL TYPES - ALL SIZES



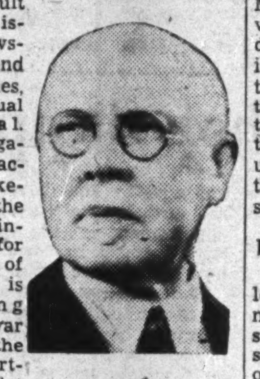
CANADA HOLDS BIG LEAD —

American industrial production has been lagging behind that of Canada in the last six months, but with the big election out of the way, the gap is expected to narrow. A record rearmament programme and huge war orders from Great Britain are the two major factors behind the anticipated expansion. Chart is based on indices compiled by the Bank of Nova Scotia.

Keeping Posted . .

By JOHN C. KIRKWOOD

When the war is over we shall begin to write the history of it as it relates to Canada, and our historians will consult wartime issues of newspapers and magazines, to get factual material. Among magazines, Maclean's is likely to be the one most informative for every one of its issues is mirroring Canada's war effort in the form of articles and pictures. For several months Maclean's has been giving its readers a double page of photographs which, with their inscriptions, tell swiftly and impressively the story of a specialized activity. Thus, in the issue dated November 1 the pictures—13 in all—tell of the clothing of Canada's army. "Clothing the army is a staggering job," says Maclean's. "During the first 11 months of war Canada bought 18 million yards of woollen and cotton cloth—enough to stretch from Ottawa to Berlin and back again. The current production of uniforms is 20,000 a week. Canada has knitted two million pairs of socks and has used 4,500 miles of drill cloth for summer uniforms. The photographs show cotton and wool in their various stages of manufacture—from the raw material onward, to the final ironing of the clothing, to give it smartness in the eyes of the new recruit. Some previous pictorial presentations of Canada's war effort showed the manufacture of wheels for mechanized military vehicles, and the making of ships for the Navy.



JOHN C. KIRKWOOD

* * *

Beating the Dead Beats

Hotel operators have enough tough problems every day to give them a perpetual headache. One of their problems is "skips," deadbeats and bad cheque artists. These bothersome and costly gentlemen were referred to at the recent annual convention of the British Columbia Hotel Association. In reporting this convention Canadian Hotel Review and Restaurant says that much success has been secured through the chain telephone system of warning members about these hotel "patrons" who try to get something for nothing. Under this warning plan, when information is received from the hotel which has been victimized or from the police, the Association's office passes the information on to 15 of the larger key hotels, and the managers of these hotels have their staff relay the information to other hotels, who in turn pass it on. So if there is any man who wants to get himself widely and inexpensively advertised, all that he needs to do is to get in wrong with a hotel's cashier.

* * *

Dangerous Literature

Booksellers in Canada have to be extraordinarily careful about the books they stock and offer for sale. Should they wittingly or unwittingly expose for sale books and pamphlets which the State deems prejudicial to its safety, and if they be charged with this offense, then it's just going to be too bad for them. The story of one bookseller's prosecution for this sort of crime is told at some length in the current issue of Bookseller and Stationer. A Vancouver bookseller was convicted for having in his possession, in quantity, documents containing dangerous material, and was sentenced to one year in prison and a fine of $2,000.

At the trial four British Columbia University professors were asked the question, "When are the contents of a book prejudicial to the security of the State, and when are they a necessary part of contemporary history?" They failed to answer this question. In giving his judgment Magistrate H. S. Wood said: "The whole intention is to compel individuals to maintain silence or to speak in the unconquerable spirit by which troops in action must be moved if they are to win......These regulations are based upon the premise that the safety of the State depends upon the war's being won, for which the united effort of all people is essential."

* * *

War Paints

The war has given many new challenges to the makers of paint. Many new paint problems have had to be solved. Paint for war purposes consists of specialized products many of which were not previously made in Canada. This condition is found particularly in new types of camouflage paint for motor transport vehicles and airplanes. Camouflage paints now being devised are entirely different from those used in the last war. For example, the new standard color for army vehicles, khaki green, has replaced the old service green (olive green) used in the last war. Also, the new camouflage paints must be resistant to poison gas.

A very busy place these times is the paint laboratory of the Division of Chemistry of the National Research Council of Canada. There, rapid methods of evaluating paints are being developed. New installations include a humidity chamber for rapid testing of resistance to corrosion; complete spray painting equipment; the latest type baking oven; a mobilometer for determining the mobility of paints; a weatherometer for accelerating weathering tests; moisture determination apparatus for determining the water content of paints and pigments; an air-conditioning room for experiments under controlled conditions, and a corrosion testing machine with salt spray, for tests of coatings on metals. This is but a partial list of the new installations.

A full account of what the Division of Chemistry is doing to facilitate the supply of the highly specialized preservative coverings needed for use on aircraft, military vehicles and other forms of war equipment is given in the current issue of Canadian Paint and Varnish Magazine.

* * *

Automatic Presses

Printing engineers are trying their level best to make presses which need no pressman to feed them; in other words, automatic. What the engineers have accomplished and are striving to accomplish is told by Thomas E. Dunwody, editor, The American Pressman, in the October issue of Canadian Printer and Publisher. "Over the past few years," says Mr. Dunwody, "sensational developments in press manufacture have been made in the large magazine rotary presses," and he goes on to speak of printing inks—so: "Through research chemicals almost unknown to the ink maker a few years ago now constitute important ingredients for the manufacture of printing inks. Developments in petroleum distillation have brought us many new products for ink making. New synthetic resins have brought a big change in printing inks. In the magazine field the most sensational developments have been through instantaneous drying letterpress inks which permit the present tremendously high speeds at which a fair quality is obtained. These instantaneous drying inks are also finding their place in the commercial field. We are getting inks that lift better, that lay better, inks with greater tinctorial strength which cover smoothly and fully without great danger of offsetting. Paper makers co-operate closely with the printer. Now we have papers suitable for gloss ink printing and papers for large production jobs selling at a relatively low figure."

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Building Boom Extends Into Residence Field

Dwelling Construction Expands After Lagging For Some Months — Follows in Wake of Big Programme of War Purpose Projects

Canada's building boom, hitherto given its chief impetus by the huge programme of war purpose construction, last month was extended into the field of regular building. Residential construction, which had been lagging for some months, showed a gain of nearly $2 millions or 37% over Oct., 1939.

The expansion in residential projects was reflected by both house building, which increased from $584,200 to $1.2 millions; and apartment construction, which gained about $1 million to slightly over $5 millions. The higher total of residential contracts, which probably resulted partly from need for housing in war factory and military areas, was concentrated chiefly in Ontario, Quebec, Manitoba, Alberta and B. C.

Increases were also shown in types of construction classed under the heading of business building, such as hospitals, stores and warehouses.

However, the lion's share of the contracts in October was contributed, as for some months past, by industrial building and the air training, military and other defense 85% jump in the grand total of all projects grouped in the category of "public building." Factory projects showed a gain of $4.4 millions, and the public building total jumped $7 millions.

As compiled by MacLean Building Reports, the October total of all contracts at $26.4 millions showed a seasonal decline of 50% from the September volume, but was about $12 millions above Oct., 1939.

The cumulative total of contracts for the first ten months of this year now stands at $274.1 millions, reflecting an increase of $109.1 millions or 66% over the same period last year.

Current Trends Of Construction

Trends of construction activity in Canada last month and so far this year, analyzed according to chief categories of projects started, are shown in the following tabulation by The Financial Post from the monthly building statistics of MacLean Building Reports.

CONSTRUCTION CONTRACTS AWARDED

First Ten Months	1940	1939	—Change—	
	—Millions of $—			%
Residential ...	55.7	58.1	—2.4	—4
Business	91.4	49.2	+42.2	+85
Industrial ...	78.7	18.9	+58.8	+311
Engineering ..	48.0	38.4	+9.6	+25
Total	274.1	165.0	+109.1	+66
October Totals				
Residential ...	6.3	4.6	+1.7	+37
Business	11.4	4.1	+7.3	+178
Industrial ...	7.3	2.9	+4.4	+151
Engineering ..	1.4	2.6	—1.2	+46
Total	26.4	14.3	+12.1	+85

Details of October Awards

	October 1940 $	October 1939 $
Residences	1,259,500	584,200
Apartments	5,039,900	4,064,000
Total residential	6,299,400	4,648,200
Churches	285,900	93,600
Public garages ...	279,100	497,200
Hospitals	1,153,400	340,800
Hotels, clubs	202,500	414,800
Office bldgs.	143,100	413,300
Public bldgs.	7,868,200	962,000
Schools	195,000	363,100
Stores	501,300	354,900
Theatres	56,100	56,500
Warehouses	689,500	568,500
Total business ..	11,374,100	4,064,700
Total industrial .	7,313,300	2,939,600
Bridges	128,000	175,100
Dams, wharves ..	25,100	468,300
Sewers, w'mains. .	435,100	350,600
Roads, streets	681,100	955,200
Genl. engineer'g. .	104,500	626,400
Total engineer'g.	1,373,800	2,575,600
GRAND TOTAL ..	26,360,600	14,288,100

Can. Bakeries Volume Higher

Total volume of sales of Canadian Bakeries Ltd. for year ended Aug. 31, last, showed an increase over the previous 12 months, according to R. W. Ward, president. Net profit of $20,824, however, was down $35,240 from the 1938-39 period. This was due to higher prices of ingredients, increased taxes and lower competitive sale prices in certain areas, the president adds.

Additions to properties and purchases of new equipment amounted to $95,385 during the year. Equipment sold or disposed of amounted to $23,154, leaving a net increase in fixed assets of $72,231.

Dividends of 3% on the 5% cumulative preferred stock were paid during the year, leaving arrears at Aug. 31 of 2%. No dividends were paid in the prior period, but arrears were eliminated by the 1939 reorganization.

Total of $527,000 of first mortgage 6½% sinking fund bonds were outstanding at Aug. 31. This is a reduction of $28,100 from 12 months previous, as a result of redemptions.

Extend Read's Term As C. N. R. Director

From Our Own Correspondent

MONTREAL. — Charles H. Read, of Amherst, N.S., has been reappointed a director of Canadian National Railways for a further terms of three years.

TRENDS IN THE FIELD OF INVESTMENT
Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches: These facilities are at the disposal of our clients at any of our offices:
A. E. AMES & CO. LIMITED
Business Established 1889
TORONTO
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Which will be associated with your estate? You alone have the power to decide. Confusion by the appointment of unqualified though well meaning executors, or confidence by the appointment of a reliable fully experienced and permanent trust company.
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From stem to stern, this year's great Oldsmobiles — the low-priced Special Six . . . the stunning Dynamic Cruiser Six . . . and the magnificent Custom Cruiser Eight — simply sparkle with everything that's *modern!* Modern *looks* — an entirely new and breath-taking beauty in body design. Modern *size* — longer wheelbases, wider treads, roomier Fisher Bodies. Modern *comfort* — wide, deep seats; no-draft ventilation; a smoother-than-ever Rhythmic Ride. And, most sensationally modern of all — Hydra-Matic Drive, available on all Oldsmobile models for 1941. But check these modern features for yourself. See the new Oldsmobiles at your dealer's showrooms, today. Taste the thrill of a trial drive!
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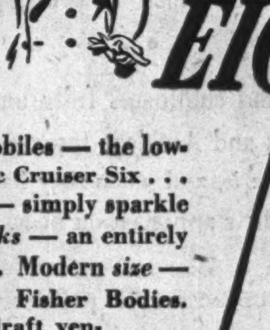
Try Oldsmobile's exclusive Hydra-Matic Drive. It's a new, thrilling, different, driving experience. With no clutch and no shift, Hydra-Matic simplifies driving . . . reduces effort . . . improves performance . . . and saves gasoline.



Illustrated—Special Four-Door Sedan

Ontario Relief Declines 36% In 9 Months

Every Month Shows Decline Compared With Same Month in 1939

Relief costs in Ontario have shown a decline in each of the first nine months of 1940, compared with the same month of 1939, according to figures released by Hon. Eric Cross, Minister of Welfare. A drop of 36% to $9.1 millions has been shown in the nine months, compared with the same 1939 period. The decline has ranged from 26.8% in January to 63.4% in September. The Minister predicts figures for the 12 months likely will see a drop of more than 40% compared with 1939.

Early this year the Dept. of Welfare notified municipalities that grants would be paid in 1940 only for expenditures at least 30% below the 1939 outlay. To date, 31 of the 40 municipalities constituting 90% of the province's relief burden have achieved this reduction. Several others are on the border-line, and by the end of the year should be able to make the grade.

Hamilton Costs Halved

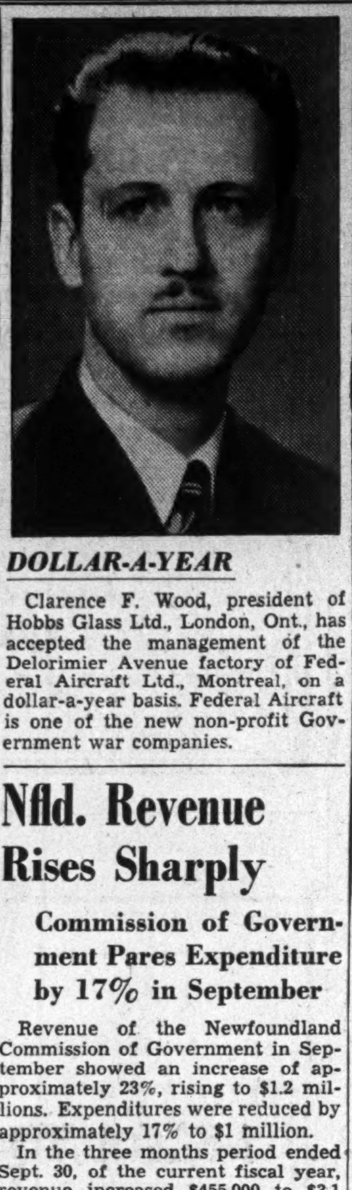
Hamilton has been able to cut its costs in half. Ottawa's improvement has been spread over two years, and comparing 1940 with 1938 figures gives a better picture than with 1939. Even then, Ottawa has been able to show a decrease of nearly 30% from 1939. Toronto's reduction is 28%, while other large centres—London, York Township and Windsor—are well within the 30% minimum.

Topping the list of figures showing the decline in September relief expenditures is Welland, with a drop of 85.3%. Others close behind are Trenton, 84.9%; Oshawa, 83.6%; Midland, 81.9% and Cornwall Township, 81.7%. At the bottom of the list is Timmins, which effected a reduction only 3.9%. List of the 40 municipalities follows:

***Decreases in Relief Costs**

	%
Welland	85.3
Trenton	84.9
Oshawa	83.6
Midland	81.9
Cornwall Township	81.7
Stamford Township	79.5
Brantford	79.0
Mimico	77.3
Long Branch	77.2
York East	77.0
Niagara Falls	75.4
Etobicoke	75.0
Hamilton	74.3
Stratford	70.6
York North	70.3
Scarborough	69.9
Peterborough	68.1
Toronto Township	68.1
Kingston	67.7
Sault Ste. Marie	67.6
Collingwood	67.6
New Toronto	67.1
Windsor	66.6
St. Catharines	65.3
Sturgeon Falls	64.8
York Township	64.4
Kenora	64.1
Guelph	62.0
Eastview	61.5
Kitchener	59.3
Fort William	58.5
North Bay	57.9
London	57.3
Toronto	57.0
Ottawa	54.8
Rockland	48.9
Hawkesbury	43.9
Sudbury	41.1
Port Arthur	21.7
Timmins	3.9

*First nine months of 1940, compared with same period of 1939.



DOLLAR-A-YEAR

Clarence F. Wood, president of Hobbs Glass Ltd., London, Ont., has accepted the management of the Delorimier Avenue factory of Federal Aircraft Ltd., Montreal, on a dollar-a-year basis. Federal Aircraft is one of the new non-profit Government war companies.

Nfld. Revenue Rises Sharply

Commission of Government Pares Expenditure by 17% in September

Revenue of the Newfoundland Commission of Government in September showed an increase of approximately 23%, rising to $1.2 millions. Expenditures were reduced by approximately 17% to $1 million.

In the three months period ended Sept. 30, of the current fiscal year, revenue increased $455,000 to $3.1 millions. Expenditure was pared by $321,336 to $3 millions.

Revenue and Expenditure September

Revenue:	1940	1939
Customs	$ 984,790	$ 811,950
Posts & tel.	60,130	54,844
Assessor	45,382	38,310
Nat. resources	18,637	8,726
Other	57,162	37,097
Total	1,166,101	950,927
Expenditure:		
General	1,005,111	1,215,028
Int. & other debt chgs.	4,726	4,726
Total	1,009,837	1,219,754

Three Months Ended Sept. 30

Revenue:	1940	1939
Customs	$2,514,966	$2,174,371
Posts and tel.	174,404	170,900
Assessor	175,441	102,828
Nat. resources	37,784	64,764
Other	221,833	146,634
Total	3,124,428	2,659,497
Expenditure:		
General	$2,984,651	$3,306,041
Int. & other debt chgs.	4,780	4,726
Total	2,989,431	3,310,767

Figures in the period July-September have been adjusted to include certain receipts and payments in London.

Harty Joins Board Of Canadian Car

From Our Own Correspondent

MONTREAL.—Wm. Harty, chairman of Canadian Locomotive Co., Kingston, Ont., and director of a number of other companies, has been elected a director of Canadian Car & Foundry Co. to fill a vacancy on the board.

Asks Economy In Government

Citizens' Research Body Shows Growth in Expenditure and Debt

Expenditures of all Canadian Governments continued to grow in 1938, it is shown by newly released figures covering local, provincial and dominion public spending.

Total outlay for the year is estimated by Citizens' Research Institute at $1,118 millions, an increase of $38.3 millions over the previous year.

Per capita expenditures rose from $97.08 to $99.73.

Public debt increased by $18.6 millions to $7,757 millions. On a per capita basis debt rose to $692.02 from $680.85.

Asks for Real Economy

These increases were in time of peace, the Institute points out, adding: "Now that we are at war, there must be decreases in all levels of government in ordinary expenditure and debt, decreases as a result of real economy and planned retrenchment."

Although public expenditures and debt were up in 1938, revenues decreased $2 millions to $1,039 millions. Deficit on public operations more than doubled in 1938 from the previous year. In 1938 it was $78.4 millions, against $38.1 millions in 1937.

Compare 1938 and 1928

Following is a tabulation compiled by Citizens' Research Institute of current revenues, current expenditures and debt for 1938 and 1928 of all government:

Current Revenue*

	1938	1928
	—000's of $—	
Taxation	863,439	721,559
Other revenue	216,191	202,206
Total revenue	1,079,630	923,765
Less: Govt. grants	40,163	35,306
Net revenue	1,039,467	888,459
Per capita	$92.74	$90.33
Current Expenditure		
Expenditure	1,158,034	821,855
Less: Intra. govt. payments	40,163	36,306
Net expenditure	1,117,871	786,549
Per capita	$99.73	$79.97
Surplus or deficit	d78,404	s101,910

*Including direct relief.

Debt

	1938	1928
Gross funded debt	6,325,796	4,351,248
Sinking funds	460,761	301,948
Net funded debt	5,865,035	4,049,300
Floating debt	210,382	80,773
Indirect liabilities and guarantees	1,681,388	910,387
Direct & guaranteed	7,756,805	5,040,460
Per capita	692.02	$512.50

Urban Building Up 32% Over 1939

Urban building activity jumped 56% in September over the same month last year and is 32% ahead of 1939 so far this year. This is shown by the monthly report by Dominion Bureau of Statistics on building permits issued in Canadian cities.

In the 58 key centres for which comparative returns are available, value of permits issued in the first nine months of 1940 was $57,749,872, compared with $43,911,494 in the same period of last year. The total for the same municipalities in September was $6,426,220, compared with $4,135,624 in September, 1939.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

LETHBRIDGE, ALTA.

Lethbridge is the twenty-fifth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

Lethbridge, Alta., has weathered a series of difficult financial years successfully, due to careful management and a "will-to-pay" its way.

The city is a distributing centre for an exceptionally large agricultural area, which includes livestock, grain and sugar beet industries. It also has about 30 manufacturing plants, which dispose of a large proportion of their production in the surrounding area.

Outlook for livestock, particularly pigs, is somewhat confused at present by the uncertainties existing for bacon sales to Great Britain. The problem of storing wheat is a factor which has been causing concern, but prospects point to more money being obtained by the farmers during the current crop year than in any year since 1929—except possibly for 1939. Crop of sugar beet for 1940 has been the largest since the industry was established in the Lethbridge district in 1925, so this adds to the encouraging features.

The city kept its finances in good order during the difficult 1930's. Net debenture debt was cut sharply—from $103 to $68 from 1935 to 1939. Net sinking fund arrears of about $154,262 in 1928 were eliminated completely by careful management, by early 1931. Exceptionally large unemployment relief charges during the past decade have been met from current revenue.

During the past ten years, $866,437 of sinking fund bonds matured and were met. Total of $797,000 was taken care of during the 1938-39 period.

The next three years will see even heavier maturities, with $1.8 million sinking fund debentures falling due. The year 1944 will be comparatively easy, while in 1945-6 another $617,301 must be met. Should no substantial additional debt be assumed in the meantime, the balance of the maturities will be comparatively light during 1946-62.

Some of the success of meeting these maturities depends upon what policy is followed by the Alberta Government in meeting its obligations. The largest portion of securities carried by Lethbridge in its sinking fund is of Alberta bonds—barring the city's own debentures. The city has made ample provision to take care of its maturities, providing there is no Alberta default of principal.

During the difficult years, considerable improvement has been carried out to streets. This year the city completed six miles of hard surfacing on its streets, to continue a programme which has been under way since 1935.

The tax rate has been steadily reduced in recent years and tax collections have improved.

Statistical Picture

(Statistical Picture)

	1939	1938	1937	1936	1935
Population	15,500	14,500	14,000	13,487	13,000
Assessment taxable (in $000)	9,489	9,510	9,550	9,582	9,572
Assessment per capita, $	612	656	659	710	736
Tax rate (mills)	42.96	43.00	43.00	43.10	43.36
Tax collections:					
Current collections to curr. levy, %	81.3	80.9	78.9	78.8	78.3
Current and arrears to curr. levy, %	103.4	102.7	97.3	98.0	98.7
Gross debenture debt (in $000)	3,458	3,677	3,851	3,866	3,898
Less: Sinking fund	2,411	2,563	2,538	2,360	2,206
Net debenture debt	1,047	1,114	1,313	1,506	1,692
Net deb. debt per capita $	67.52	76.83	93.76	111.63	130.18
Bank loans	140,000	191,000	170,000	135,000	124,000
Relief expenditures funded	nil	nil	nil	nil	nil
Relief met out of curr. rev.	74,809	87,848	100,045	96,415	111,688

Curb Bidding For Labor Supply

(Continued from page 1)

duction was 174,000 as at July and 231,276 as at today.

Employables on relief declined from 140,665 in July 1939 to 100,971 in July, 1940. The reduction is really greater, as subsequent to July, 1939, the Quebec Government abandoned the public works policy and threw some 15,000 people on relief. The real drop, therefore, is at least 55,000. Since July there has undoubtedly been a further reduction, but proportionately not as great a one.

Slower Progress Now

All this is very good, but the detailed statistics of the unemployed indicate that future progress in reducing the number of so-called unemployables will be much slower. We are now at the core of the unemployment problem and it is a hard core. These so-called employables, still on relief, are becoming increasingly concentrated in the older age groups. Forty-five per cent are now over 40 years of age. Also, 47% are either totally unskilled workers or are classified as waiters, maids, charwomen, etc. Only 9% have previously worked in factories.

These facts are important if only to chill undue optimism which the bald statistics might evoke.

What of Young People

What of the annual increase of the working population — the young people who come to working age?

The census division of the Bureau of Statistics has made a calculation based upon available information. The total of young people coming to working age is reduced by the number of retirements at the other end of the age scale, of deaths among the working population, marriages of women in employment and so on.

It is evident that the annual inflow of labor is affected by the demand. In good times particularly following a depression, the number may double. But an average based on estimates for 1935-40 (inclusive) is 93,000 per year.

In effect, the demands of the fighting services and of business in the year ended July 31, 1940, were 389,000. The annual increase in workers was absorbed and the number of out-of-work employables was reduced by 55,000. Evidently great numbers of others were attracted into employment.

Meeting Army's Demand

But it is plain that the increasing demands of industry and the fighting services cannot continue to be so easily met.

Take the fighting services. As at July, 1940, they numbered 185,000 men. The estimates for the coming year call for some 400,000 men. The army will require more divisions and, in addition, an armored brigade, to be enlarged later to a division. The navy will increase from 11,000 to 25,000 and the air force from 26,000 to 70,000. And there is the National Training Plan which in its original form was to give 30 days training to some 300,000 young men.

In addition, the huge expansion in war industry is only now beginning to take effect. It is estimated that the new industries and extensions to existing industries which will begin to operate in the next year will need 140,000 workmen.

The total new demand for war and industry, therefore, will approximate 350,000 persons and what the Stewart committee must do is to see to it that whatever happens the needs of war industry are met.

Bottlenecks

Actually to sketch the problem in broad lines is to ignore desperately difficult aspects relating to various classes of skilled workers. Bottlenecks have already appeared in disconcerting numbers and these bottlenecks will continue to throttle war industry no matter how great the surplus of ordinary labor might be until more men can be trained.

The fact that these figures illustrate, however, is that the indiscriminate expansion of army, navy, air force, war industry (for very little has been done as yet to curtail or eliminate unessential industry) is now no longer possible.

The preliminary moves which the committee will make have already been outlined.

Training Workers

On the positive end—the training of people for industry—every effort is now to be made. The Munitions and Supply Department for some time has provided in contracts for the training of men by industry. Employers have been asked, at the taxpayer's expense, to take on as many apprentices as possible, put them alongside skilled men. The committee will also study problems of labor priority and of transfer from one part of the country to another. It may be necessary to curtail production in some non-war industries in order to use the skilled workers in the new war industries. As for transfers, there are several hundreds of young men newly trained under the Youth Training scheme in Alberta, who are looking for jobs. The Government will probably put up the cash to move these men to areas where there are shortages.

An early conference between the committee and representatives of the provincial governments has been called to remove obstacles to production and training which exist in provincial regulations. Control of labor, constitutionally, lies wholly within provincial jurisdiction although during war the Dominion's power under the War Measures Act is supreme. It is evident, however, that Ottawa shrinks from using this overriding power against the wishes of the provinces and hence the conference method of proceeding has been adopted.

No Standard Wages

It is not anticipated, at the moment, that an effort will be made to standardize wages or hours of labor on a nation-wide scale. This suggestion has been made, chiefly by labor groups that hope to gain thereby. But a glance at the disparities which exist between conditions say in British Columbia and Quebec will show the obstacles to be overcome. What matters is real wages and on this basis the disparities are not so great.

Plans have been completed to comb the army in Canada for skilled mechanics who are not being used to advantage. These men may be seconded to war industry or used as instructors in army technical training schools which are now being established.

Wage Control Problems

There is also the problem of preventing unwarranted increases in wages. Owing to the present shortage (which grows more acute each day) the trend toward higher wages is marked. The committee is well aware that any widespread increase in wages would sweep away the controls the Government has established to keep down the cost of living. These controls are to be found in the Wartime Prices and Trade Board and the controllers who have been put in charge of key commodities such as steel and timber.

In all these controls, as devised and enforced by the Government from the outbreak of war down to the appointment of the Stewart committee, there has been until now no attempt to control labor.

The evidence of the danger of the existing situation abounds. The law of supply and demand has already resulted in wage increases, particularly among skilled men. This, in effect, is an unfair advantage accorded to one branch of labor as against the rest of the community—a new kind of war profiteering. The Wartime Prices and Trade Board has suspended the law of supply and demand in many key commodities and in such essential fields as rents; super-taxation (including the excess profits tax) has prevented companies and individuals from profiting because of war conditions. Only labor has been left uncontrolled.

Disputes Act Not Efficient

One of the early moves of the Government on the labor front was an order-in-council passed Nov. 7, 1939 (based on the War Measures Act) extending the Industrial Disputes Investigation Act to all war undertakings. This meant that no strike or lockout could take place until a board of conciliation had held an enquiry and reported. There was little activity under this order in the first phase of the war, because relatively few contracts were awarded and no shortage of labor developed. But with the blitzkrieg and the sudden rush of war orders, many labor disputes have developed. It has rapidly become clear that the Industrial Disputes Investigation Act, as it stands, is not an efficient method of settling labor disputes on war contracts.

This statute pre-supposes a conflict of interest between employers and employees, and the Government by supplying a neutral chairman in a board of three members plays the part of arbitrator. But in most of the large war contracts there is no real conflict of interest. These contracts are either cost plus or so-called target contracts and in either case the Government is committed in advance to absorb all increases of wages which take place during the term of the contract. Thus labor can argue that increases in wages can be granted without taking any skin off employers' noses: the Government is paying the shot. Why should employers kick when their profits are not affected?

THE LITTLE BOY WITH Growing Pains

Too many children who have "growing pains" pay dearly for them later in life. Actually, these vague aches have nothing to do with growth. Although popularly referred to as "growing pains," they are frequently due to unrecognized rheumatic fever.

Many youngsters, whose parents misunderstand or neglect these symptoms, grow up to suffer or die from resultant, but unsuspected heart damage. Therefore, "growing pains" should always be given immediate medical attention.

▶ Most attacks of acute rheumatic fever are easily recognized. The most striking symptoms, usually appearing after a sore throat or tonsilitis, are: pain, stiffness, swelling in joints and muscles, with the pain often travelling from joint to joint.

The onset, however, may develop insidiously, revealing its presence by such symptoms as: rapid heart; fever, which may be slight; pallor; loss of appetite, weight, vigor; fleeting muscular aches.

▶ Three-quarters of those attacked by rheumatic fever are between the ages of 5 and 30—and of these the majority are between the ages of 10 and 15. Its most dangerous feature, particularly if not recognized and treated promptly, is that it often does permanent damage to young hearts. Rheumatic heart disease *tops all other illnesses as the cause of death among children of school age.*

An attack of rheumatic fever may last for many months. Unfortunately, it predisposes the patient to future attacks, often brought on by grippe, colds, sore throat, or other respiratory troubles. It also commonly infects more than one member of a family.

▶ Anyone who has rheumatic fever must—for the sake of his future health—stay in bed under the doctor's care until long after all fever and pain have disappeared, and until the doctor gives permission to get up, however "well" the patient may feel or look. It is vital for a long time afterward to play safe with that threatened heart by being extremely careful about exercise or exertion.

For further information, send for Metropolitan's free booklets, "Protecting Your Heart" and "Rheumatism." Write today to Dept. 11-F-40, Canadian Head Office, Ottawa.

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CANADIAN HEAD OFFICE—OTTAWA

Newfoundland to Ship Codfish to Spain

Sale of 40,000 quintals of Labrador fish to Spain by Newfoundland has been negotiated. Spanish buyers have chartered a steamer to carry the cargo to Spain. Loading operations are expected to commence Nov. 20. Capacity of the ship is said to be 55,000 qtls. and negotiations are proceeding to arrange necessary credit for an additional 15,000 qtls.

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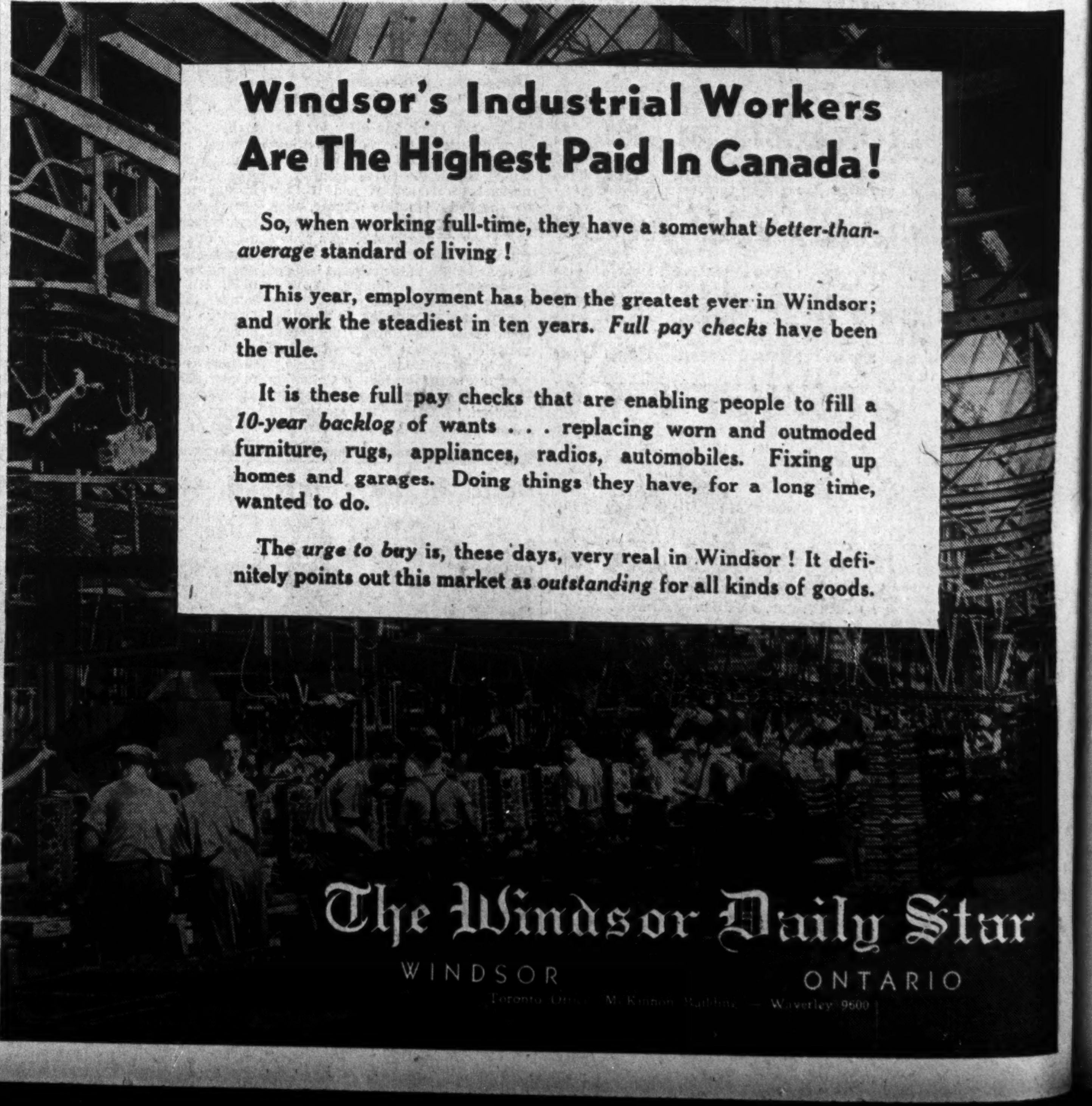

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Abitibi Bonds

I have deposited my Abitibi bonds with the Protective Committee. Can I have these returned, as I would like to sell them and buy Dominion Government bonds instead?

It would not be possible for you to get your Abitibi bonds returned now that you have deposited them with the Bondholders Protective Committee, but there is nothing to prevent your selling your certificates on deposit at any time. These are negotiable in exactly the same way as the undeposited bonds are. Thus you would be able to sell your Abitibi bonds, if you so desired, and buy Dominion Government bonds at any time.

Steel of Canada

Would you be kind enough to let me have your comments and current information on the position of Steel Co. of Canada shares?

Demand for the company's products continues to maintain operations of Steel Co. of Canada at a capacity basis. Export bookings have made up any deficiency in domestic orders, and sales to the end of July were considerably above those for the same period of 1939, both in tonnage and in value.

Last year earnings on the combined preference and ordinary shares, having regard to the participating feature, were $6.51 a share, compared with $4.24 in 1938. The expectations are that the gross income for 1940 will show considerable expansion, but the net income is not likely to rise much above that for 1939 because of the Excess Profits Tax. The company now has retired all of its funded debt so that the preference shares rank as the senior charge. In connection with the equalization dividend on the common, the "arrears" have been reduced to a point where it is expected that they will be liquidated by Feb. 1 next year if the management continues the policy of declaring the additional payment.

Simpson's Ltd.

Can you give me information as to the financial standing of Robert Simpson Western Ltd.? I also am interested in latest financial figures on Simpson's Ltd.

We have no information as to the financial standing and record of profits and losses of the Robert Simpson Western Limited. This company is a wholly-owned subsidiary of the Robert Simpson Co., owning an eight-story building in Regina which handles all the western mail order business of the company. Its accounts are included in the consolidated statement of Simpson's Ltd.

Until 1938 the Robert Simpson Co. published a separate balance sheet and income account of its own, but with the practical elimination of public interest in its shares, last year only a consolidated report of Simpson's Ltd., the parent holding company, was issued.

Simpson's Ltd. reported a consolidated net profit of slightly over $1 million last year, which was substantially higher than had been reported in any recent year. It compares with $839,094 in the year ended Jan. 4, 1939, and $807,648 in the year ended Jan. 5, 1938.

The balance sheet showed a net working capital of $9.3 millions, which compared with $9.7 millions a year earlier. Actual liquid position was somewhat restricted with cash on hand amounting to only $99,440, while a bank loan of $868,227 was reported.

Refunding of the Simpson's Ltd. first mortgage bonds in 1936 substantially reduced interest charges, while the Robert Simpson Co. bonds were entirely redeemed last year and public interest in the Robert Simpson preferred stock reduced to $220,200 from $3.3 millions.

A 17% increase in business in the first eight months of 1940 was reported, with the Prairie Provinces showing gains of 14%.

Gatineau Power

I would be grateful for your opinion on Gatineau Power common stock as a holding.

Gatineau Power Co. common stock should be a satisfactory investment medium. The company occupies an established position in the power industry and its output is sold under long-term contracts at a price which permits of a reasonable return on the capital. For the first half of 1940 the company reported a net profit available on capital stock of $1,098,120, as against $1,148,378 for the same six months in 1939. Last year earnings on both classes of the preferred amounted to $15.82 and on the common stock $1.04 a share. The latter compares with regular quarterly dividends of 20 cents a share, plus an extra 5 cents paid at the year end.

Dominion Bakeries

We would like information about Dominion Bakeries Ltd.'s plants, list of directors and latest balance sheet figures. How is the public and Maple Leaf Milling Co. control divided?

Dominion Bakeries Ltd., a subsidiary of Maple Leaf Milling Co., owns 11 bakeries in Ontario at Windsor, Chatham, Sarnia, Wallaceburg, Brantford, Stratford, Guelph, St. Catharines, Cobourg, Belleville and Cornwall. In addition it rents two bakeries at Orillia and Pembroke. Total capacity of its plants approximates 20 millions of loaves of bread annually. Plants are rented to independent firms for operation.

Maple Leaf Milling Co., which provides management free of cost, owns a majority of the second preferred and common stocks, none of which was ever offered publicly. Exclusive voting control is lodged with the holders of first preferred shares because of dividend arrears. First preferred, of which $725,000 is outstanding, was offered in 1928 by Royal Securities Corp.

Officers and directors are: D. C. Maclachlan, president; G. A. Mackey, G. A. Scrimger, J. L. Henderson, G. H. Hand, sec.-treas., all of Toronto; A. F. Culver, Montreal.

Latest balance sheet shows current assets of $1,965 and current liabilities of $230,451, including $227,649 due to Maple Leaf. Fixed assets are shown at $428,290 after depreciation of $203,106. Deficit of $769,874 is shown, and total liabilities are $431,733.

North Vancouver Bonds

Is the city of North Vancouver still in default on its bonds? What is the current market on these?

The city of North Vancouver has been in default for a number of years. A Commissioner of the Supreme Court of B. C. is administering its affairs. Some progress has been made in improving its position, but it is not yet in a position to resume interest payments. A committee of bondholders has been endeavoring to make some arrangement, but there is little to indicate there will be an early solution.

Current quotations are widespread, but a nominal bid of about 25 to 30 is most generally given.

Ritchie Cut-Stone

What is the market value on the preferred shares of the Ritchie Cut-Stone Co. What is the current situation of the company?

There is no actual market on the preference shares of Ritchie Cut-Stone Co. at present. We are told the company is not very active as no buildings of any account are being erected requiring its products. They get some business from residential construction but this is on a small scale and merely sufficient to keep the company going. Outlook is not particularly promising, at least for the duration of the war.

The company's last annual report, for the year ended March 31, 1940, showed a loss from operations of $14,234. After interest and depreciation and other charges were added, the net loss for the year amounted to $31,255. The company still has a balance in its surplus account of $114,133 and showed a working capital of $56,010 at the end of last March. Actual liquid position, however, was restricted with a bank overdraft of $158,860 reported.

C.S.L. Holding Earnings Rise Of First Half

Results for Year Hinge on Wheat Movements in Remaining Weeks

From Our Own Correspondent

MONTREAL.—An increase in earnings of $600,000 shown by Canada Steamship Lines in the first half year has been held, The Financial Post is informed. This increase is calculated before income and "excess" profits tax.

Assuming that the company will be able to maintain earnings in the final three months of the year at the same level as last year, net earnings before taxes will be in the neighborhood of $960,000, against $362,189 on the same basis last year. There is about one month of navigation remaining.

Depends on Wheat

Movement of wheat on the Great Lakes will occupy the facilities of the company for the remaining part of the year, along with ore movements, which usually terminate about Nov. 15.

In forecasting prospects for this period, wheat plays a paramount role. If Britain makes unusual demands for wheat supplies, the final quarter will be more satisfactory for the company. If demand completely dries up the period will be considerably less favorable than last year.

For the majority of the season past the better price obtained for wheat carrying was an important factor in boosting the company's earnings. The rate was seven cents, or two cents a bushel higher than the price that prevailed through the greater part of the previous season.

Ore Volume Excellent

The fee was raised to seven cents a bushel in the latter part of last year, which eliminates this qualitative advantage when considering prospects for the remainder of the year.

Movement of ore during the season just closing has been excellent, with the average movement well ahead of last year.

Tourist trade, from which the company derives a good part of its revenue, was severely depressed in the early part of the summer to July. August and September, however, showed sharp improvement.

The company's subsidiary, Davie Shipbuilding Co., is working at capacity.

One unusual source of revenue has been derived from the rental of 11 canal boats to the British Admiralty.

Company Reports

Brazilian Traction

The gain which developed for Brazilian Traction, Light & Power Co. during July was continued through September, according to figures for the nine months ended Sept. 30. Gross operating earnings of $3.2 millions were slightly below July—which was the highest for 1940 to date—but the advance over the previous year was 9.1%.

As a result of the steady improvement since midsummer, aggregate gross for the nine months was only $575,000 under the corresponding period of a year ago.

Earnings Statement

September:	1940 $	1939 $	Incr. %
Gross earn. ..	3,194,051	2,926,276	9.15
Oper. exps. ..	1,528,401	1,353,893	12.89
Net earn.	1,665,650	1,572,383	5.93
Nine Months Ended Sept. 30:			
Gross earn. ..	20,678,871	28,254,549	*2.04
Oper. exps. ..	13,719,084	13,502,363	1.61
Net earn.	13,959,787	14,752,186	*5.37

*Decrease.

Note:—The operating results as shown in United States dollars are taken at average rates of exchange which are necessarily to some extent arbitrary. All figures will be subject to final adjustment when the annual accounts are made up.

Twin City Transit

Twin City Rapid Transit Co., controlling the street railway system in Minneapolis and St. Paul, reports net deficit of $141,309 in the nine months ended Sept. 30, which compares with a profit of $26,166 in the same period of 1939. While operating expenses are slightly lower, the reduction is not sufficient to offset the decline in operating revenues. Fixed charges were not quite earned.

Senator Lorne C. Webster has been elected to the board of directors to fill the vacancy caused by the death of Hon. Frank Carrel.

Consol. Earnings* Statement
Nine Months Ended Sept. 30

	1940 $	1939 $
Oper. revenue	6,145,411	6,267,650
Less: Oper. exps. & taxes	5,500,420	5,515,727
Net oper. revenue	644,991	751,923
Add: Other income ..	10,961	11,564
Gross income	655,952	763,487
Less: Int. on funded debt	640,665	677,603
Amort. of disc. on f. d.	¼¼ 44,680	¼¼ 47,325
Miscel. debits	11,916	12,393
Net deficit	41,309	x26,166

xProfit. *Subject to independent audit and year-end adjustments.

Times Fixed Charges Earned	0.91	1.05

American Cyanamid

American Cyanamid Co. reports consolidated operating profit for the nine months ended Sept. 30 this year $2.7 millions up from the corresponding part of 1939. Net profit of $4.4 millions is up over $1 million.

The 1940 figures are subject to year-end audit and adjustment. The company's equity in undistributed net income of associated companies 50% owned or less is not included.

Consolidated Income Statement
Nine Months Ended Sept. 30

	1940 $	1939 $
Net oper. profit	10,794,737	8,084,832
Add: Div., int. & disc.	434,842	369,654
Royalties, licenses, etc.	120,693	109,209
Miscel. (net)	30,842	48,320
Gross earnings	11,381,114	8,632,015
Less: Depl. & deprec.	2,681,518	2,364,599
Research, devel. exp.	1,828,277	1,371,368
Int. & amort. charges	345,125	414,894
Prov. for inc. taxes	2,122,791	1,091,736
Divds. on sub. pref. stock	......	49,961
Net profit	4,403,403	3,339,437
Less: Preferred divds.	175,545	78,079
Net avail. for common	4,227,858	3,261,358
Earns. per Share:		
Preferred: Earned ..	$9.41	$15.99
Paid	0.37½	0.37½
Common: Earned ..	1.61	1.25
None paid.		
Shares Outstanding:		
Preferred	468,125	208,910
Com. A & B........	2,618,264 4/9	2,618,369

C. W. Lindsay Sales Higher

From Our Own Correspondent

MONTREAL.—Sales of C. W. Lindsay & Co., distributors of musical instruments and electrical appliances, are approximately a third better in the current year than for the like period of 1939, The Financial Post understands. Earnings also are substantially better than last year, when in the 12 months ended Feb. 29, 1940, the company had a net profit of $8,729. The latter figure contrasts with a net loss of $9,587 in the preceding year.

During the current year the company has completed a programme of modernization in its main Montreal store. The store front has been rebuilt at a cost of $12,000.

C. P. Earnings Off Last Month

Reflects Restricted Grain Movement — Profits to Date Well Ahead

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway's operating statement for September follows along expected lines, in that both gross and net revenue showed a contraction. This was due almost wholly to the restricted movement of grain, as the traffic in other lines was well above that reported a year ago.

Gross earnings for the month of $15.6 millions showed a decrease of $3.7 millions from September, 1939. At the same time, operating expenses were reduced by $840,559, leaving net earnings just under $3 millions. This contrasts with net operating income of $5.8 millions for September a year ago.

Good Gain To Date

Cumulative returns are well ahead of those for 1939. To the end of September the company's gross operating income was $121.8 millions, or $16.4 millions above those for the like period a year ago. Operating expenses increased $8.8 millions, leaving net earnings at $20.3 millions, or about $7.6 millions more than a year ago.

September	1940 $	1939 $
Gross revenue	15,646,840	19,323,814
Oper. expenses	12,661,299	13,501,858
Net revenue	2,985,541	5,821,956
Nine Months Ended September		
Gross revenue	121,848,811	105,444,422
Oper. expenses	101,557,836	92,739,013
Net revenue	20,289,975	12,705,409

Steel of Canada On Full Time

Big Dollar Volume in 1940; No Change in Net McMaster Says

From Our Own Correspondent

MONTREAL. — Steel of Canada production and shipments have continued to engage full capacity and up to September were substantially ahead of the figures for the previous year, according to a statement issued by Ross H. McMaster, president. Comparisons for the months of September and October, which last year followed the outbreak of war, did not maintain the proportions of improvement in the previous months, but showed gains over last year as a result of the additional steel capacity installed at the close of 1939.

Advances in many cost factors, Mr. McMaster reports, have reduced margin of profit per unit as prices of heavy steel products have been maintained unchanged since outbreak of the war. The effect has been overcome partially by the increased volume of business but, in view of higher taxes, it seems doubtful that net profits for 1940 will reach those of last year despite the large increase in turnover.

Prospects Are Unchanged

The tonnage of unfilled orders promises a continuation of capacity operations.

As a result of appropriations made from time to time since the pension plan was established in 1920, Mr. McMaster adds, this fund at present amounts to $2,343,648. It consists of investments and cash which have been included, heretofore, among assets of the company set aside for special purposes. To protect the position of pensioners, present and prospective, the board has decided to assign this fund irrevocably to a board to trustees to be administered by them in support of the purposes of the pension plan which will be continued on a non-contributory basis.

Montreal Stock Values Advanced in September

From Our Own Correspondent

MONTREAL.—Value of securities listed and traded on the Montreal Stock Exchange and Montreal Curb Market advanced for the third consecutive month during September. As at Sept. 30 values totalled $6,793 millions, an increase of $158 millions from the end of August. Compared with the end of Sept., 1939, on the other hand, current figure shows a decrease of $38 millions.

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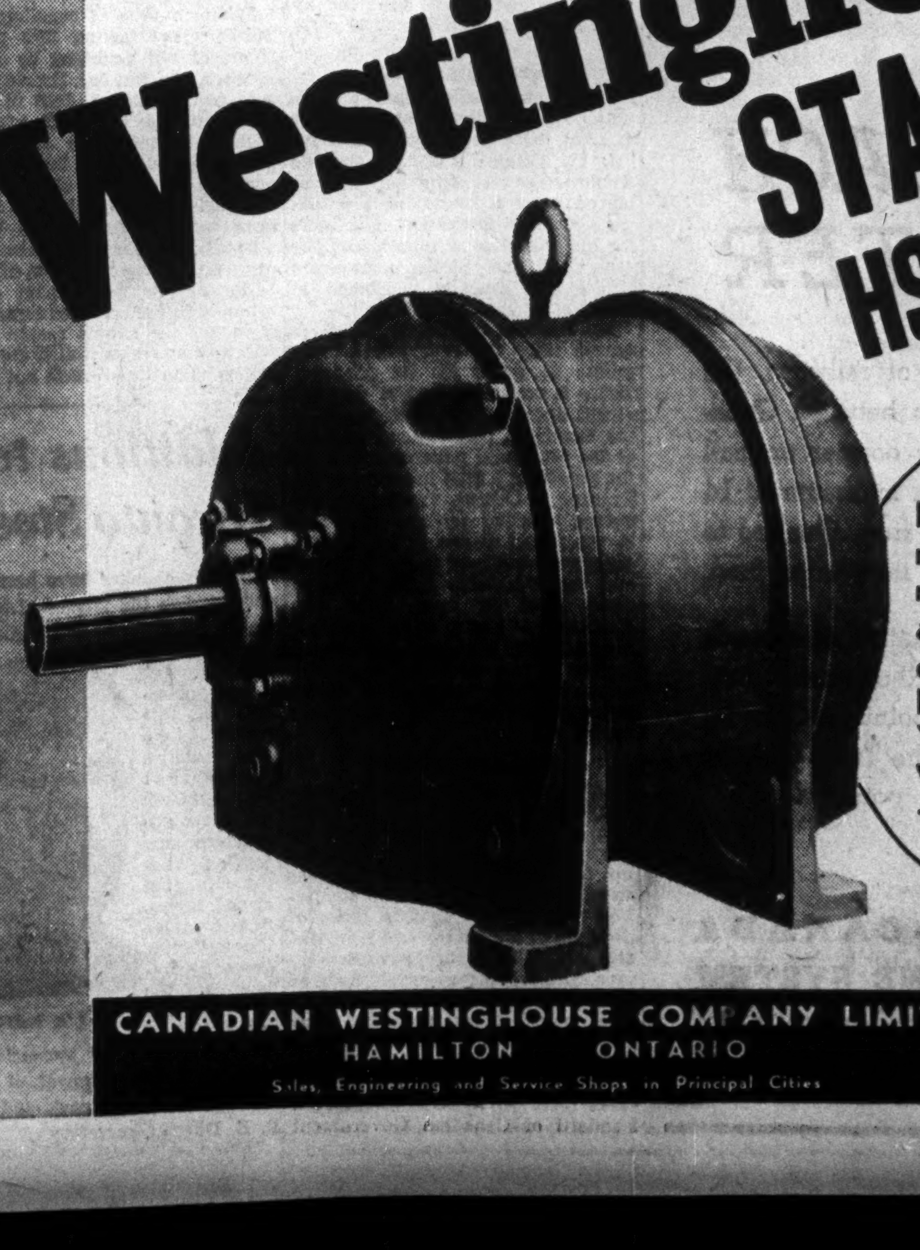
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War Spurs Winter Travel in Canada

Curb on U.S. and W. Indies Trips Favors Canada's Winter Resorts

For the vast majority of Canadians, any holidays or recreation trips they take in the coming winter will perforce be routed within Canada. And wartime curbs on foreign travel are bound to swell the ranks of those, both Canadians and Americans, who have already discovered Canada's distinctive resources for all types of winter travel.

The wide range of Canada's winter resort facilities, especially their inclusion of a mild-climate winter refuge as well as snow sports resorts, is not fully appreciated in this country.

For those seeking summerlike conditions for their winter holidays, Canada itself provides an attractive haven in Victoria and adjoining parts of Vancouver Island. This winter vacation area, along with the growing scope of winter sports resorts, has now been brought into sharper focus by the pressure of war in keeping Canadians at home. Much of the consquent increase in patronage promises to carry over into post-war times.

Increased attention for Canadian winter holiday attractions was first captured about a year ago. Winter travel to the U.S., abroad and even to the West Indies was cut down by such factors as the premium on U.S. funds, hazards of ocean travel, and the pressure of wartime duties and business activity on many Canadians.

Travel Kept at Home

This winter holiday or recreation travel to the United States is shut off as completely as to European resorts, by the ban on use of either U.S. exchange or Canadian dollars for U.S. pleasure travel. Essential U.S. visits for business or health reasons are permitted. But even those classes of travel are held to an absolute minimum, and U.S. funds issued are strictly limited. Health travellers requiring a warm winter climate are encouraged to sojourn if possible in a "sterling area," such as Bermuda, the Bahamas or the West Indies, where pleasure travel is still permitted.

U.S. travel purely for the convenience or comfort of climatic conditions is being officially discouraged, and exchange for health trips is being confined to cases where "serious illness or permanent disability would result from continued residence in Canada." Even in these cases the applicant must submit detailed information as to his reasons for the trip, length of sojourn, estimated expenses, and any foreign assets he can use to pay them.

He must also file a detailed report by his doctor as to his physical condition, illness (if any), and necessity of leaving Canada for climatic reasons to get special medical attention. This report is checked by the Department of Pensions & National Health, and may be amplified by an examiner appointed by the Department.

Restrict West Indies Trips

Even travel to the West Indies, for either pleasure or health, is restricted by the curb on transit through the U.S. to reach West Indies resorts. U.S. funds are provided only for short-cut trips to Boston to board Canadian National ships southbound toward the West Indies. This avoids the longer train and ship journey via Halifax.

But Canadians are not permitted to use the faster alternative routes to New York, Baltimore or Miami and thence by U.S. steamship or plane services to Bermuda, the Bahamas and southerly West Indies points.

New West Indies Routes?

However, special new services are reportedly being developed, with approval of the Foreign Exchange Control Board, that will supplement the limited winter service of C.N. Steamships.

These plans are understood to include a direct overnight air service by Canadian Colonial Airways from Montreal to Nassau, with only one stop in the southern states for refuelling. Trips on such a route could be paid for entirely in Canadian funds, as the air line is a Canadian firm, and would be sanctioned, it is understood, by the F.E.C.B.

Another scheme is being worked out for operation by a U.S. steamship line (Eastern Steamships) of services supplementing that of Canadian National Steamships to the West Indies. The Canadian funds used to pay for use of these additional services would be converted into U.S. funds through West Indies territories with exchange obligations to meet in the U.S.

Canada's Sun Porch

However, even these added means of reaching subtropical resorts in British territory will leave the great mass of Canadians dependent on resources of their own country for winter travel and recreation.

But those who by preference or force of circumstances remain in Canada for their winter holiday will still have a choice between winter sports resorts and respite from zero temperatures in a mild climate sanctuary where conditions rival the best summer has to offer. The latter choice inevitably means Victoria and adjoining parts of Vancouver Island — Canada's only balmy winter region and often called Canada's winter sun porch.

An evergreen territory where roses can be picked in Victoria's many gardens in December and January, Vancouver Island's warm zone boasts winter temperatures that rarely fall below 45 degrees, and range between 50 and 60 degrees for much of the winter. All of the pursuits and recreations normally associated with summertime —golfing, salt and fresh water fishing, riding and hiking, sightseeing tours—can be indulged in throughout the winter with few interruptions because of poor weather.

Victoria the Centre

Winter holiday activity on the Island centres on Victoria, the capital of British Columbia and known as one of the most beautiful residential cities in the world. Reflecting Victoria's distinction as a warm weather winter resort, the only winter golf tournament north of the southern states is held there. Scheduled this winter for March 9-15, 1941, the tournament is sponsored by the C.P.R.'s Empress Hotel, largest (650 rooms) resort on the Island and the chief centre of tourist and recreational activity.

Victoria is also noted for its pronounced English appearance and atmosphere. In the residential suburbs are many English-type villas with name plates such as are often found on their counterparts in the Mother Country. Beautiful rose gardens, sunken gardens, formal gardens and the landscaping around both homes and hotels such as the Empress, constitute one of Victoria's outstanding attractions. English dishes are featured in restaurants, and some stores in the shopping district remind one very much of London.

Attractive and charming as this is, there is little of the forced, musty type of quaintness about it. Victoria is a well maintained modern city, and its hotels and boarding houses are up-to-date Canadian in style and efficiency, with no suggestion of the dreary rows of boarding houses found in some English seaside resorts.

Yuletide Ceremonies

In addition to the annual winter golf tournament the Empress Hotel winter programme is also featured by a Christmas celebration patterned on ancient English traditions. In a setting reminiscent of feudal England, with mullioned windows, raftered ceilings and great open fireplaces, performers in Elizabethan garb carry out the old Yuletide ceremonies of "Firing of the Yule Log" and the "Ancient Procession of the Boar's Hede."

The origin of these colorful rites reaches far back into the distant past of pagan worship and Scandinavian mythology.

An auxiliary unit of the Empress Hotel, the huge glassed-in Crystal Gardens, assures swimming throughout the winter regardless of weather outside. The Crystal Gardens contain a 150-foot swimming pool with warmed sea water, peacock promenades, concert auditorium, gymnasium, palm gardens, badminton courts and dance floor.

The mild winter climate at Victoria and adjoining parts of Vancouver Island is expected to attract an increased number of winter travellers during the coming season. Such pastimes as golf, fishing, riding, hiking and cycling are possible throughout the winter in the area, sometimes called "Canada's winter sun porch." With United States pleasure travel cut off the Victoria region offers the only refuge for most Canadians from the rigors of regular winter weather.

Ready Quebec Resorts For Snow Sports Fans

Preparations to handle a further increase in the annual winter influx of both Canadian and American snow sport fans, especially skiers, have been made by the principal Quebec winter holiday resorts.

At the Mont Tremblant resort development, built up by Joseph B. Ryan of Philadelphia at a cost of more than $700,000, between $50,000 and $75,000 is being spent for installation of two new ski tows and other improvements.

At Ste. Adele, Montreal interests spending $100,000 for development of a new ski lodge and winter sports centre to be known as Ste. Adele Lodge. The existing main lodge on the property chosen is being reconstructed and expanded to accommodate 650 persons, a number of cottages have been built, and two ski tows are being erected on neighboring slopes. It is planned to operate the resort on a year-round basis.

Other resorts looking for an active season include Pinoteau's at Mont Tremblant, Alpine Inn, the Chantecler, Grey Rocks Inn, and Domaine d'Esterel.

Movie Firms End Anti-Trust Suit

Paramount Pictures Accepts Consent Decree in U. S. Case

Paramount Pictures, Inc. is among the five motion picture companies which have accepted a consent decree in the U. S. Department of Justice anti-trust suit. As a result, the suit has apparently been settled.

A most important feature is the abolishing of the "block booking" system whereby films were sold to exhibitors in groups of 25 or more. Now they can be sold in five or less but no larger units.

New York reports indicate that the change may be an improvement in the long run, although it will increase selling costs. There will be a greater tendency to sell pictures on their own merits than in the past.

See New Nation-Wide Party Looming From Bracken Move

From Our Own Correspondent

OTTAWA. — Political observers here attach importance to the abandonment of party government in Manitoba.

This move by Premier John Bracken is one of several isolated and widely separated events which foreshadow the slow gathering of powerful political forces possibly in opposition to the prevailing set-up at Ottawa.

Party scouts who are continuously on the move foresee in Premier Bracken's extraordinary act, the first cautious move toward a new prairie non-partisan federal political movement which may easily duplicate the 1921 Progressive movement. Indeed, it might well be more heavily freighted with dynamite than the Crerar movement of 1921.

Basis of its appeal to various sections of Canada, apart from the prairies, will be more potent than the "political uplands where the air is sweeter and purer" described by the agrarian spellbinders of 20 years ago.

Three Years Old Plot

Mr. Bracken has been plotting this union of all parties in Manitoba for at least three years. Some will recall his statement in 1937 that he would never rest until the West was placed upon a sound basis within the Canadian federation. The bible for his crusade was supplied by the report of the Sirois commission which Mr. Bracken welcomed in terms of superlative praise.

Mr. Bracken apparently has never ceased since the report was made public to work for its adoption. There is reason to believe that the recent unofficial enquiries made by the Dominion Government to some of the provincial governments were the results of a stiff letter from Mr. Bracken to Ottawa. These enquiries having revealed outright opposition to the report in one of the central provinces—believed to be Ontario—and the Dominion having backed away from an open fight, Mr. Bracken has begun to marshal his forces. It may take time, but the objective almost certainly is a solid western block demanding better terms in conformity with the Sirois report.

Back Sirois Report

It is probably true that the average citizen on the prairies has never read or heard much of the Sirois report. But that the prairies will line up for the recommendations goes without saying. The prairie population now realizes that in times of drought, of lost markets, the provincial governments are powerless to save. The provinces are relatively as destitute as their populations. Succor must come from elsewhere and there is no other source than Ottawa.

Thus, the Sirois recommendations, if adopted, would banish all fear of these recurrent disasters because a standard of Canadian Government would have been adopted, below which no provinces would be permitted to fall. The weaker provinces would be borne up by the nation as a whole. And relief would be solely a Dominion obligation.

That is just about a recipe for heaven, so far as prairie folk are concerned, and when they get on to the true significance of this report, things political will begin to move.

Maritimes Interested?

But the power of appeal in this report is not restricted to the three prairie provinces. The Maritimes would benefit equally and it would surprise some Ottawa politicians if Mr. Bracken were not already in touch with the governments down by the sea. Moreover a very large part of the financial and business community is advocating the adoption of the report and here again is a field for recruits that Progressivism never possessed.

The technique of canalizing pro-Sirois report feeling into political channels will doubtless be difficult to work out. But Mr. Bracken is no tyro at the game. Indeed in his recent move he has done something without precedent in our political past. In effect he has formed a government embracing all parties in the Legislature. But it is not a union or a coalition government because all parties retain their identity and, presumably, their freedom of action.

Nor is this government a government in the accepted sense of the term, for the simple reason that it will take no responsibility for policy. Policy is to be worked out by the Legislature and its committees and the policy so agreed upon will automatically be accepted and administered by the Government. Various pundits have been trying to find a name for such a government. The description which comes nearest the fact is that of one of the labor members who says that the London County Council system has been adopted.

New Deal Policy?

How Mr. Bracken will now proceed is not yet clear. He may consolidate his new Cabinet, get it functioning smoothly, and then take to the hustings and advocate his new deal policy. Or he may wait until his Legislature meets and proceed by way of resolution in the house. Such resolutions would undoubtedly be approved unanimously and they would evoke echoes of support in at least five of the other eight Legislatures in Canada—perhaps more.

The unknown factor in the situation is the extent to which the Federal Cabinet—as distinct from politicians generally—is aware of what is happening. The Government is itself being driven toward a centralization of power, along the lines of the report, by the pressure of war finance.

Yet if Prime Minister King chooses to dispute the field with Mr. Bracken, nothing is surer than that he will have pitted himself against a much abler and more astute leader than was the case in the recent fracas with Ontario's Mitch. Hepburn. Mr. Bracken has held his premiership longer than has Mr. King.

United Amusement Earnings Better

From Our Own Correspondent

MONTREAL.—Earnings of United Amusement Corp. are moderately better in the year to date than in the same period last year.

It is expected that results for the year will compare favorably with those for 1939, unless some unforeseen circumstance develops. In 1939 the company reported net profit of $94,640, against $85,467 in the preceding year. This was equal to combined earnings on the A and B stock of $1.17 and $1.06, respectively.

The company now operates 25 theatres in Montreal and other cities and towns of Quebec. A decrease of two units from 1939

A programme of renovation and modernization has been carried out during the year.

Additions to Committee Toronto Stock Exchange

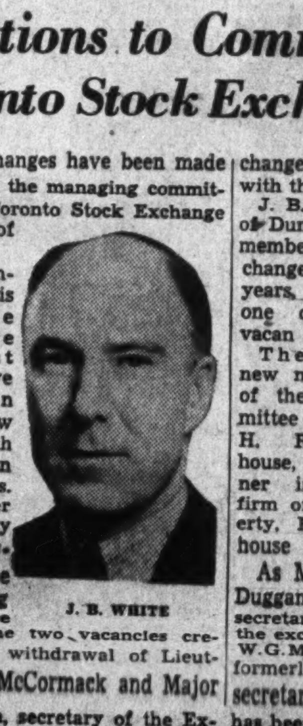
Further changes have been made necessary in the managing committee of the Toronto Stock Exchange because of the war.

Two members of this committee who were elected last June have withdrawn and are now serving with the Canadian armed forces. Acting under the authority given by by-law 9, the managing committee has filled the two vacancies created by the withdrawal of Lieut-Col. Carson McCormack and Major R. B. Duggan, secretary of the Exchange, because of active service with the army.

J. B. White, partner in the firm of Duncanson, White & Co., and a member of the Toronto Stock Exchange for 15 years, fills one of the vacancies.

The other new member of the committee is T. H. Roadhouse, partner in the firm of Doherty, Roadhouse & Co..

As Major Duggan was secretary of the exchange, W.G. Malcom, formerly treasurer, has been made secretary while Hector M. Chisholm has been made treasurer.



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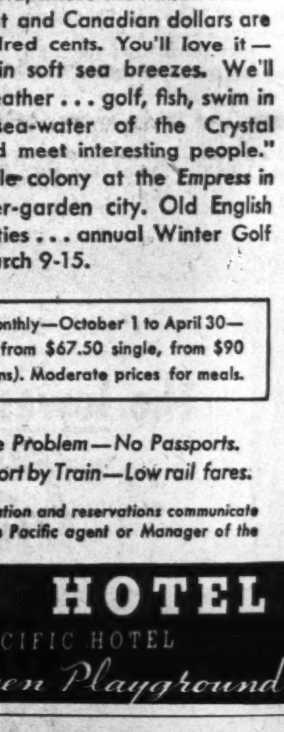

"We're going to make our home at the Empress in Victoria, where the winter climate is Canada's best and Canadian dollars are worth one hundred cents. You'll love it — flowers bloom in soft sea breezes. We'll enjoy balmy weather . . . golf, fish, swim in the warmed sea-water of the Crystal Garden . . . and meet interesting people." Join the sociable colony at the Empress in Canada's winter-garden city. Old English Yuletide Festivities . . . annual Winter Golf Tournament, March 9-15.

Winter rates, monthly—October 1 to April 30—room with bath from $67.50 single, from $90 double (2 persons). Moderate prices for meals.

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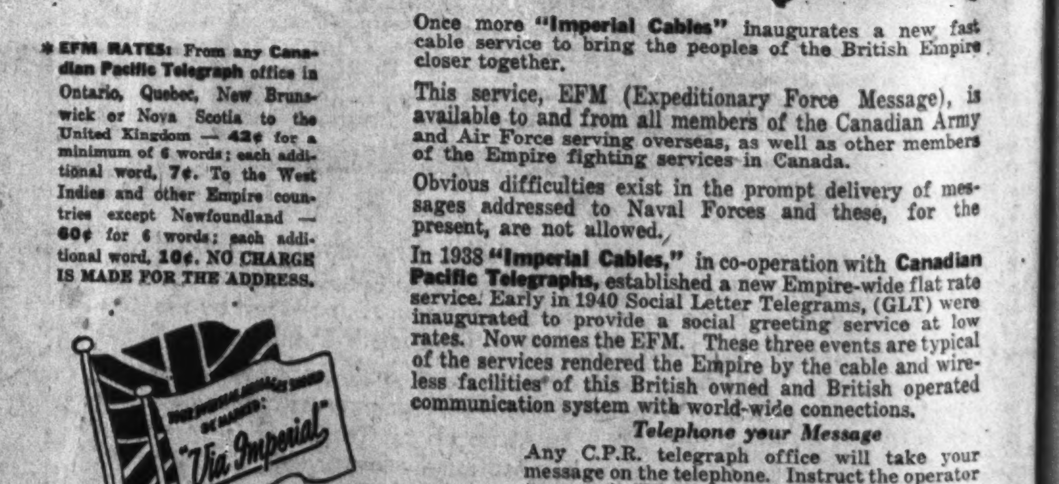

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This service, EFM (Expeditionary Force Message), is available to and from all members of the Canadian Army and Air Force serving overseas, as well as other members of the Empire fighting services in Canada.

Obvious difficulties exist in the prompt delivery of messages addressed to Naval Forces and these, for the present, are not allowed.

In 1938 "Imperial Cables," in co-operation with Canadian Pacific Telegraphs, established a new Empire-wide flat rate service. Early in 1940 Social Letter Telegrams, (GLT) were inaugurated to provide a social greeting service at low rates. Now comes the EFM. These three events are typical of the services rendered the Empire by the cable and wireless facilities of this British owned and British operated communication system with world-wide connections.

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Any C.P.R. telegraph office will take your message on the telephone. Instruct the operator to route it "Via Imperial". No longer need you say "I'd love to cable, but I can't afford it!"

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Vitamins For Victory

Sacrificing part of our import of American fruits and vegetables in order to buy other American products we need for war brings the question of the nation's health sharply into public focus.

By KENNETH R. WILSON

Food, in war, is as important as armaments. Vitamins are raw materials of victory.

Britain, for example, is spending £60 millions a year on food subsidies. She has set out to make the war a vehicle to better health. Her food programme parallels munitions production in importance and scope.

There are two reasons why food in relation to health is so important in wartime.

1. War affects the food supply of combatant nations.

2. War is a period of strain. Any weakness in diet is quickly revealed.

So far Canada has not had to change its food habits in any vital degree because of war. Within the next few weeks that picture may change materially.

As forecast last week in The Financial Post our imports of citrus fruits, out-of-season vegetables and other foods we normally import from the U. S. may shortly be curtailed. We need the American dollars for planes, machine tools and other war materials.

Some of these foods have become part of our daily fare. Many of them are looked on as essential to good health. We must find ways of replacing them with Canadian foods without sacrifice in the quality of our diet.

Time of Strain

Then there is the question of strain.

War ranks with childhood, depression, pregnancy as a time when physique and nerves are subjected to terrific strain. In such periods any weakness in diet is most apparent.

This is especially true today because modern war is total war. The city dweller shares with the soldier the threat of attack.

In times like these, normal deficiencies in diet show quickly. Human flesh reacts like steel. Strains and stresses uncover otherwise hidden flaws or weakness.

Since the last war, especially, nutrition experts have been having a field day. There is scarcely a country in the world that has not had a group of eager, expert men and women pushing back health frontiers.

In Britain the Government has been able to use the war to "cash in" on the lessons learned. The need to curtail overseas purchases, the need to conserve sterling and shipping space have been the starting point from which the nation's eating habits have been completely changed with benefit to health, stamina and physique.

Imports of Calories

Some of the facts are striking:

Though food imports declined only 12%, the "import of calories," it is claimed, has dropped only 1%.

To ensure proper distribution the Government is spending £60 millions a year by way of subsidy to keep down the prices of "the protective" foods. In September the average increase in prices of "controlled" foods rose only 8%. Uncontrolled food prices rose more than 40%.

The British Ministry of Food is now the sole importer of 90% of the food requirements of England. The annual turnover approaches £600,000,000. The staff includes 23,000 people and is subdivided into seven main divisions and 1,500 subdivisions.

Plans were recently made to inject an artificial B_1 vitamin into white bread flour at a further cost of $10 millions in order to give every Britisher extra vitality and resistance to disease so essential in time of stress and emergency.

Fortunately an important new milling technique, discovered recently at Toronto by a group of U. S. and Canadian millers in co-operation with the Paediatric Research Foundation of Toronto, may obviate this last step.

New Process

A new way has been found to produce white bread and still retain not only vitamin B_1 but all the other seven components of the complete vitamin B. This new process has been made available free of cost to all millers in Canada and in England. They can obtain a license to manufacture at a nominal cost of $1 a year.

In essence, the millers and the scientists have found a new way of grinding flour. Instead of a wet process, which swells the wheat kernel and loses the health-giving vitamins which lie between the outer husk and the inner "middling," the grain is now being "dry-ground."

Of course, the entire nation could get a full complement of vitamin B and iron (the two chief ingredients lost in the making of white flour) were they to switch to brown bread.

It is really just as simple as that.

But, curiously, though most people know that brown bread is better for them, only 10% prefer it. Rather than force a change in the nation's eating habits as drastic as a switch from brown to white bread, the scientist has been busy finding ways of making white bread as health-giving as brown.

This is an important point. Because nutrition experts are no kill-joys. They want us to enjoy our food as much as they want to improve our health.

It is hard to talk about nutrition without mentioning the word "vitamins."

The reason is this:

Within the past 20 years science has increased from 4 to 5 the groups of elements in food which it knows and can prove are needed to maintain human life. The original quartette was minerals, proteins, fats, carbohydrates. To this has now been added the vitamin group.

It is now also known that if any one of these five vital groups is missing, it will result in a gradual and, in some cases, a rapid lowering of the health level.

Defects Magnified

Vigor becomes impaired. We feel "seedy."

We lack pep, vitality, staying power.

Lacking any one of these five elements, children do not grow properly; adults have not the resistance they should have.

These weaknesses magnify many times in a period of strain. Sir John Boyd Orr, famous British nutrition expert, said recently:

"The psychological effects of diet are of first importance in war. Malnutrition tends to be accompanied by listlessness and apathy. There is a gradual loss of power of concentration on either physical or mental work, nervous debility and a feeling of despondency are common symptoms of faulty diets."

Nutrition experts have traced a direct and conclusive relationship between human efficiency and Vitamin B_1. Here in part is an editorial from the American Medical Journal of Oct. 5, 1940:

"Recent reports on induced Vitamin B_1 deficiency bear directly on the importance of a liberal allowance of Vitamin B_1 for the people engaged in war.

"Restriction of the intake of this vitamin in a group of healthy subjects, otherwise adequately fed, provoked among other signs and symptoms, moodiness, sluggishness, indifference, fear and mental and physical fatigue. The states of mind observed in these subjects were such as would be least desirable in a population facing invasion, when maintenance of stamina, determination and hope may mean defeat or successful resistance.

"Efficiency for prosecution of a war can be increased by the simple expedient of providing a very little more of Vitamin B_1 than the public is receiving."

It is generally agreed that 300 international units of Vitamin B_1 is the minimum requirement needed per day by adult men in peacetime. For soldiers, for men in factories and on the farm and in wartime for long work and short sleep this level is insufficient. Experiments which raised the Vitamin B_1 intake to 600 units a day revealed increased alertness while measured capacity for physical work was almost doubled.

Lack of Vitamins

In Toronto a survey of 100 low-income families reported on by E. W. McHenry in the Canadian Public Health Journal, September, 1940, found that although men were better fed than other members of the family they averaged but 340 units of Vitamin B_1 per day and that 70% of them had less than this average.

Mr. McHenry also reported that in Toronto families with an income of between $1,500 and $2,400, the men were found to receive an average intake of 390 units of vitamin per day, an amount not much greater than that found in the lower income group. A daily intake of 500 units is considered satisfactory.

This study of Vitamin B_1 is especially important in view of the new discovery that white flour can be manufactured which will retain very largely the valuable vitamin content of whole wheat which was formerly lost in the manufacture of white bread.

The vitamin group is by far the most fascinating of five groups of elements in food which are needed to maintain human life. This is partly because of extraordinary power of even a small quantity of these life-giving ingredients.

"Necessary for Life"

It was Casamir Funk who coined the word "vitamin" in 1912. He had been experimenting feeding birds with rice. Those which got "polished" rice took beri-beri. When the merest drop of concentrate (made from the bran which has been roughed off the rice when it was polished) was given the birds, they recovered miraculously in a few hours.

Funk decided his new chemical substance was "necessary for life." He used the word "vita," meaning life, and "amine"—a chemical. Eight years later (1920), when it was discovered that these substances were not amines, the "e" was dropped.

One curious thing about vitamins is that so little is needed and yet that tiny amount is so essential.

For example, one lb. of vitamin D would last the average person 1 billion years, yet without any of it he would die.

It is the same with many other food elements.

One pound of iron would serve the average person 80 years. The amount we need each day could be put on the head of a pin, yet the lack of it means we would be below par. Similarly a pound of iodine would last us 80,000 years. If we don't get it, we suffer from goitre and other diseases.

Scientists in every land have steadily added to our knowledge of vitamins and to the whole broad field of nutrition. Professor E. B. McCollum of the John Hopkins University has been called the "Edison" of nutrition. It was he who originated the alphabetic nomenclature. He separated the "a" from the "b" vitamin in 1915. He discovered vitamin D.

Britain boasts its Sir Edward Melanby, who in 1918 became Secretary-General of the British Medical Research Council. Another noted Britisher is Sir John Boyd-Orr who has often visited Canada to spread the gospel of food and health.

In Canada the most active worker in the field of nutrition is Dr. Frederick F. Tisdall, recently appointed Food Consultant to the Canadian Army. He is head of the University of Toronto's Nutritional Research Laboratories.

Through co-operation of the Canadian Medical Association, the Canadian Dietetic Association, and the life insurance companies in Canada, there have been distributed in recent months 1,700,000 copies of a new booklet, "Food For Health in Peace and War."

To avoid frightening people away, technical words such as "vitamin," "protein" and the like have been eliminated. Yet the book offers Canadians the last word in wise, health-giving advice on what to eat to be healthy.

The theme of this booklet is interesting and important. It summarizes this problem of a healthy diet by saying:

Eat first the "protective foods" — the foods which taken singly or together combine all the life-giving elements.

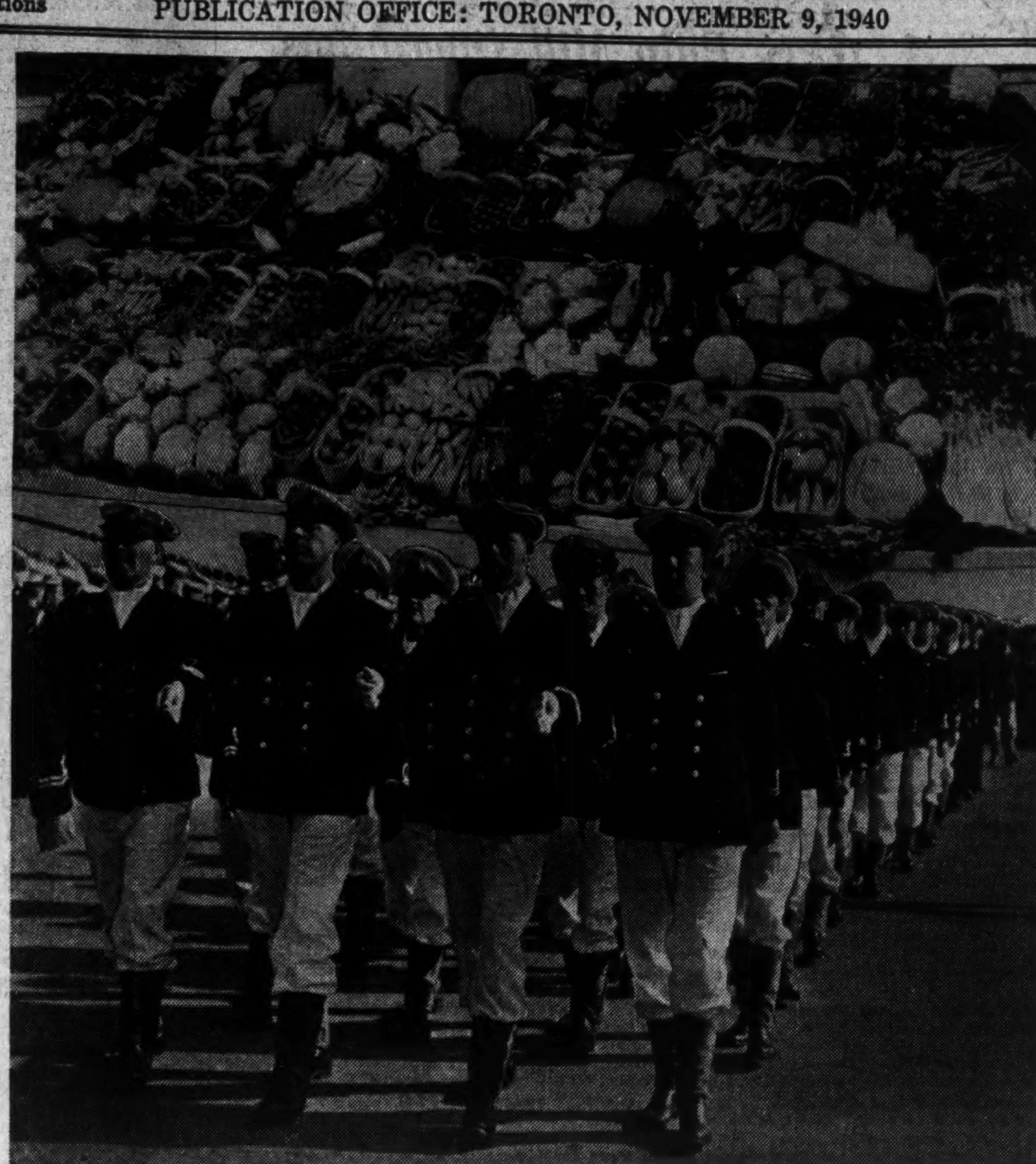
These protective foods are:

1. Milk and milk products.
2. Potatoes and other vegetables.
3. Whole grain breads and cereals.
4. Raw fruits and canned tomatoes.
5. Eggs, meat and fish.

If you have not much money to spend, put first on your shopping list, milk or cheese, potatoes and whole grain products. Together these foods supply nearly all the substances necessary for good health. Milk, in itself, provides 30 out of the 34 known food elements. Of these 34, 12 are proteins or fats, nine are vitamins and 13 are minerals.

The aim, every day of your life (except during illness) is to have a pint of

(Continued on page 13)



We must find ways of replacing imported produce with Canadian foods without sacrifice in the quality of our diet if we are to continue turning out young people like these vigorous recruits for the Canadian navy.

Canadian Produce to Fill Gap If U.S. Supplies Restricted

By STAFF WRITER

OTTAWA.—If American fresh fruits and vegetables imports are restricted, Canadian production must largely fill the gap. A quick survey indicates that it can do so, barring some contingencies and excepting a few obvious lines.

Late crops, such as potatoes, cabbage, celery, carrots and beets, were fair to large and, provided these things have been properly stored and keep well, it is believed that there is sufficient on hand to meet all needs. There was not a large crop of apples, but with little chance of export there is far more of this fruit on hand than is normally consumed in Canada.

Tomatoes to Carry Load

If early vegetables from the United States are cut off, completely or partially, there will have to be, naturally, much greater reliance on Canadian canned goods. Interest centres on tomatoes. This is not only a popular food on its own account, but is one of the very few Canadian-grown products that contribute the same vitamin as is found in citrus fruits. On canned tomatoes and tomato juice housewives will largely depend, if they are asked to sacrifice oranges.

There was a large acreage of tomatoes in Canada this year, but, The Financial Post is informed, the weather was unfavorable during the ripening season and great quantities of the crop rotted. Instead of the 3.5 million case pack anticipated last July only about 2.5 millions materialized. Canadian consumption amounts to about 2 million cases and half a million is needed for a safe carry-over. No figures are available yet for the tomato juice pack, but it is believed a fair average is expected. A year ago there was a heavy surplus in tomatoes, following two years of excellent crops, but an export of 900,000 cases to Britain solved any surplus problem.

British Import Factor

Normally present stocks of tomatoes would be considered ample, but if American citrus fruits are restricted, the situation may change quickly. Another factor is the possibility of British imports. At present Old Country authorities don't want canned goods, have virtually an embargo against them, but, of course, this restriction is not permanent. If it was lifted, as it was for a time last year, then certainly a shortage of tomatoes and some other canned goods would be a possibility.

In other canned lines there is reported to be ample stocks of peas, peaches and pears, a fair amount of grapes and grape products, but shortages of corn, and all berries.

Plenty of Apples

There is some hope in official circles that Canadian housewives will turn more to apples. While not possessing the same vitamin values as tomatoes or citrus fruits, they have the big advantage of being both cheap and available. Indeed with practically no export market since early in the war the Dominion authorities have felt it necessary to subsidize the Canadian apple industry to the tune of at least a million dollars a year.

The Government has encouraged much greater diversion of fresh apples into processed channels, canned sauce, dried fruit, apple juice, etc. The latter seems to be growing in favor; consumption was up several hundred per cent last year, but volume is still insignificant in comparison with total apple crop.

Growing scarcity of American dollars to pay for expanding purchases of key war equipment in the United States makes some restriction on normal American imports practically certain, The Post is informed. As Canadians normally import over $20 millions of fresh fruits and vegetables from that source, and probably pay as much again in American funds for freight and other charges on this produce, this drain on foreign exchange is under closest scrutiny. But nothing in the nature of a complete embargo is contemplated, The Post hears, but rather a restriction. This would bear most severely on those products that can be replaced safely and easily with home-grown stuffs, or that can be secured from some other country where Canada has ample unused credit.

Thus Canadian housewives may be asked to consume more Canadian fruit and vegetables out of storage instead of buying fresh out-of-season American produce during the winter and early spring. Importation of oranges, grapefruit, pineapples, and other fruits from the British West Indies, South Africa, Australia and South America doubtless will get greater encouragement. In a case like lemons, which, with Italy cut off, are now practically only available in the United States, probably only a mild restriction on present imports would be enforced.

Quarter-embargo System

As Canada, in recent years, has depended on the United States for well over 90% of its citrus fruits—orange, lemons, grapefruit—and as other sources are not expected to be able to take up this enormous slack quickly if at all, it is considered probable that only a gradual restriction will be put in effect.

To avoid the price control that would certainly be necessary if the supply throughout the whole season was restricted, these fruits might be admitted freely for certain months when our own supplies of fruits and vegetables were low, then cut off entirely for the rest of the year. The Government might decide that instead of spending $5.8 millions, plus freight and other charges, for American oranges only some $2.4 millions would be allotted for this purpose and this quota would open at a certain date and run until filled. This would result in plenty of oranges at regular prices for all citizens instead of a luxury fruit for the more well-to-do. The same sort of a quota-embargo system might be worked out for all imported fruits and vegetables.

Indeed, in the present tariff schedule, the groundwork for such a system is already laid. During the Canadian season for any fruits and vegetables there is practically a prohibitive duty on imports, but only a nominal levy when grown produce is no longer available. This might be broadened to an embargo on certain fruits and vegetables when the same or substitutes were in season in Canada.

War Savings That Count

Orchids or household appliances? Which shall we do without until victory has been won? Here is a candid appraisal of real war savings, the kind that hurt but really count in our war effort.

By D. G. MacLEAN

Staff Writer, The Financial Post

Is the playboy who buys orchids in wartime less unpatriotic than the munitions worker who buys a labor-saving appliance for his wife?

This is the sort of problem produced by the national war appeal for saving.

The answer lies in the ultimate effect either purchase might have on the production of war materials.

If the household appliance requires materials and labor needed in making shells, planes or tanks, then it would be more patriotic for the munitions worker to refrain from buying it.

On the other hand, the labor and plant used in producing the orchids could not be easily adapted to making war supplies, hence there would be little benefit to the country's war effort if the playboy stops sending flowers. There are, of course, other considerations such as coal and electric power used in flower-growing greenhouses, and tax revenue from the sale of luxuries like orchids, but generally speaking the example is not unreasonable. It illustrates the difficulty of the ordinary Canadian in determining what sacrifices he should make to further the country's war effort.

Some Savings No Help

A general appeal for savings is not sufficient because there are many classes of savings like the orchids that don't help the war effort at all.

A high Ottawa authority recently quoted several popular examples of saving which in his opinion hurt rather than helped the war effort. Whisky was one thing mentioned. Out of every dollar paid by the consumer, he estimated, 88 cents goes to the Government in taxes of some sort. If everybody stopped buying, the individual would save a dollar but the Government would lose 88 cents which it would have to make up from some other source. In addition, he argued, many people would be thrown out of employment and might become a charge on the Government for relief.

The same authority stated there was no advantage to the Government in the individual employing fewer servants in his establishment, doing less entertaining or cutting down his club memberships.

When Mr. Jones fires an old servant it does not help us beat Hitler. It helps Jones pay his income tax but the servant cannot work in an airplane factory or an automotive plant. She will probably be unable to get another job and ultimately will have to go on relief. The country is no better off.

What kind of saving does Ottawa consider will help the war effort? Where will the individual have to deny himself?

Must Be Selective

Premier King gave some indication of what is in the Government's mind when he told the National War Savings Committee that it would be necessary to save on products and services that can be directly diverted to war purposes.

Two examples he gave were:

A dollar spent on imports even of ordinary necessities from non-Empire countries may be just a dollar less available for imports of war necessities. (Evidently here he was referring to United States exchange.)

Dollars spent on products not wholly essential which require a large amount of skilled mechanical labor reduce the amount of labor available for production of airplanes, tanks, motor transport and other war essentials.

Accordingly it would appear the Government is going to ask people to deny themselves of comforts, even partial necessities, which may divert materials or labor away from the war effort. This means that the savings that help are savings that hurt.

In general, therefore, it is evident that saving, to be effective, must be selective.

Unfortunately this selective feature makes the problem difficult.

Looking at the matter from the war production angle, Canada's capacity is limited by the volume of raw materials available, supply of labor and power, the capacity of industrial plants.

When capacity production is reached in any one or all of these factors the amount available for war purposes can be increased only by cutting down the volume of production used for non-war purposes.

Let's take certain typical key items.

Steel

Among raw materials steel is the one where a shortage is perhaps most likely to occur. Current capacity of the Canadian steel industry is estimated at about 2.4 million tons a year. Present operations are at a rate of approximately 2.1 million tons annually. Our steel industry therefore is not yet operating at capacity. But it is expected it will be very shortly. As the munitions programme develops to fill present orders and commitments, it is estimated that the war requirements will be about 800,000 tons higher than at present. As the war goes on they will become greater.

As it takes about two years to build a new steel plant, the only way to increase the quantity available promptly is to reduce the non-war consumption. By next summer the demand for steel may even exceed the total capacity of the country. In that case consumption for private purchases will have to be cut to the bone.

The capacity of industrial plants can be expanded only through time. This time required varies, of course, according to the nature of the plant, ranging from a few weeks to years in the case of steel. In general, plant expansion is a gradual process.

Labor

Then take labor. It is useless to point to the number of people still unemployed in certain parts of the country. A government official stated in this regard that you can't take a man off the relief rolls and put him to work on airplanes. There is already a shortage of skilled workers.

We are now suffering for the faults of previous years.

During the years of depression there was little or no training of apprentices, and very little vocational training. The result is that Canada has gone into a war with a limited supply of skilled tradesmen. Mechanics and machinists cannot be trained in two weeks. It normally takes years to make a good one and even under the pressure of war, months are required.

Nor have we in Canada the machinery for transferring labor from one part of the country to another. Under the stress of war, however, efforts must be made to direct labor into the channels where it will be most helpful.

Power

There is electric power.

Before many months pass it is estimated Canada will be facing a shortage of at least 250,000 horsepower.

Many factories are now working three shifts and therefore using more power. So serious did Ottawa consider the situation that daylight saving was extended indefinitely.

What adds to the seriousness of the situation is that big munitions plants now building will be coming into operation next spring. Several of these are of the type that require huge amounts of power. When they are ready to produce the power load will jump enormously.

New electric power plants take a long time to build. They also require very large quantities of steel and other metals and large numbers of skilled workers. But more power may have to be diverted before new delivery sources are ready. If so there will be no alternative but by restriction of electricity for non-war uses. Householders may have to cut down lights. Steam power may have to be used in larger quantities. This in turn means a greater consumption of coal which, if the need cannot be filled from Canadian mines, must be imported from the United States, requiring payment in United States dollars.

U. S. Dollars

This greater use of United States dollars brings up another problem.

The Financial Post estimates the Dominion currently is losing United States dollars at a rate of about $21 millions net monthly. This is a conservative estimate of our adverse balance of international payments with the United States. If this rate is continued our supply of American credit will become exhausted.

Then what?

Canada needs certain types of steel from the United States. We need coal, airplane parts and other things in which we are deficient. We must have U.S. dollars to pay for them.

And so saving to win the war is evidently to be directed toward conservation of those things in which a shortage is likely to occur, especially metals, skilled labor, power and U.S. dollars.

Unfortunately the people that are going to be hit most by this savings programme are the ones that have in recent years known little of the comforts or luxuries. All were hit by the great depression. Many have been on relief. Now, for the first time in years, they are getting a steady wage and looking forward to buying little amenities for their wives and families. But the goods they want to buy are the real competitors with demand of Mars, products largely made of steel, aluminum and mechanical skill.

The people who already possess such goods have been taken care of as regards war economies by increased income taxes and new war loans. But the new army of potential purchasers may have to postpone their buying of such comforts until victory has been won. At least that is what Ottawa thinks. Instead they can help the war effort by buying war savings certificates, or subscribing to the war loans.

This saving, as in the case of the person who has been drawing a regular

(Continued on page 13)

Pulp and Paper Industry

E. P. Tax Hits Hard at "Newsprints"

Official Explanation of Act Indicates Shareholders May See Little Increased Earnings

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL.—One industry that is certain to be well represented among applicants before the new Board of Referees on the excess profits tax is the newsprint industry.

This industry probably has as good claims as any to be a "depressed" industry.

There are indications, however, that Ottawa authorities expect this industry to be treated as a unit, rather than as individual companies. Probably, the new board would have to determine a reasonable rate of return of capital invested within the 5% to 10% limits imposed by the Act. It is claimed that a formula for the whole industry could be worked out and then applied to the individual companies.

Profits Up This Year

Gross operating profits of Canadian newsprint companies for 1940 will run considerably above the average of the past four years—the base years for the new excess profits tax.

Since announcement of the new tax impost it has been generally felt the newsprint companies would receive generous consideration. The operators are not engaged in producing war materials. Yet the sale of newsprint provides a highly important source of U.S. dollars with which to finance purchase of war materials in the States. Moreover the industry has been depressed for many years and losses have been more frequent than profits.

By the turn of events, largely influenced by war conditions and elimination of competition from the Scandinavian countries, Canadian newsprint manufacturers stand to report higher profits this year than has been the case in many years past.

Ordinarily this would be cause for satisfaction among newsprint shareholders who have waited years for a return on their investment. But the present interpretation of the new Excess Profits Tax, based on the Explanatory Brochure published by the Dept. of National Revenue, makes it rather doubtful if the shareholders of some companies will benefit.

The E. P. Tax provides that all corporations will pay a minimum of 12% tax on all profits or 75% of the amount exceeding the "standard profit," whichever is the greater. The standard profit is the average of the four years 1936-1939, with no deduction for any losses during the period. In other words if a company reported a profit in only two of the four years, the base profit in determining the excess profits tax would be the total profit of the two years divided by four.

Little for Shareholders

What does this mean to the newsprint companies? In many cases it means shareholders' stand little or no chance of getting a return on their investment.

Having in mind that earnings of the newsprint operators will be greatly increased this year, it now appears that they will contribute very heavily to the Government treasury in the form of excess profits tax, judged by their base "profits."

Canadian International Paper, Consolidated Paper Corp. and other companies, for example, have not been able to show any net profits in the last four years.

St. Lawrence Paper Mills' base profit amounts to $130,954; Brompton, $277,988; Lake St. John Power and Paper, $246,107; Price Bros. and Co., $262,315 to mention a few.

When it is considered that these companies have assets running into tens of millions of dollars, the returns cannot be considered as excessive.

Contrast This Year

Consider earnings this year:

Abitibi's earnings for the first nine months amounted to $5.9 millions, as against $1.9 millions in the same period a year ago.

Brompton reports $1,087,130 before depreciation and taxes to the end of September, as against $380,517 a year ago.

St. Lawrence Paper Mills profits before depreciation and taxes for the nine months ended September totalled just under $1.3 millions. This compares with $538,517 in the like period of 1939.

The gains made by other companies are equally as impressive.

It does not require imagination to appreciate what the Excess Profits Tax will do to these earnings considering the fact that most of the newsprint companies have operated at a loss or have a very small "standard profit" base.

As far as the bonds of such companies as Abitibi, Consolidated Paper, etc., are concerned, the Excess Profits Tax will not have a direct bearing on interest coverage, as the tax applies only after interest is paid.

What is of greatest concern to many of the newsprint manufacturers is that on the primary basis of payment of the E.P.T. earnings available on the capital stock will be negligible after payment of the new income and E. P. taxes.

Many newsprint investors have held to the hope that because newsprint is a depressed industry, the Government would make generous allowances and thus permit the setting up of fairly substantial share earnings.

A reading of the "explanatory Brochure" does not appear to justify the confidence.

Can File Claim

A newsprint company having no earnings in the last four years or having a base profit out of all proportion to the investment, can file a "standard profits claim." This claim must be lodged with the Inspector of Income Tax.

These claims are first considered by the Minister of National Revenue and may be passed on to the Board of Referees for consideration.

In the case of a claim by a depressed business, the Minister or the Board may make the profit of the standard period commensurate with profits of other like businesses.

In the case of newsprint companies this does not constitute relief as they are all practically in the same boat.

In allowing this standard or base profit, the statute prohibits the Minister or the Board from allowing a profit exceeding 10% on capital.

That is the "joker" in the Act!

Capital as set forth in the brochure consists of "assets acquired by purchase on or after the commencement of business, the price at which those assets were required and where the price of any asset has been satisfied otherwise than in cash, the then value of the consideration actually given for the assets shall be treated as the price at which the said asset was acquired."

There are certain deductions from capital, such as borrowed money on which fixed interest is paid, any contribution by the Dominion of Canada or any province, directly or indirectly, etc.

Capital Reduced

During the last decade several of the newsprint companies have gone through reorganizations. Capital has been written down sharply. No par values shared have been issued with a nominal value. In other cases share capital has been written down because it was unrepresented by assets.

Not only have fixed charges been reduced by these reorganizations but considerable savings in taxes have been effected by writing down assets or placing nominal values against stock issued.

Such a policy under previous tax legislation was sound business, but under the E.P.T. a low capital value represents a distinct liability.

In some quarters it has been the opinion that representations would be made to the Government to the effect asset values shown on the balance sheet were considerably under their actual worth.

Judged by the tenor of the brochure a claim put forward on this basis will be closely scrutinized.

It is not advisable nor is it possible at this stage to make definite pronouncements as to how the individual companies will fare under the E.P.T. Too many factors are involved. Publication of the Explanatory Brochure, however, makes it very doubtful if junior security holders in a number of companies are going to benefit directly or indirectly by the increased earning power of their properties. In any event, it is certain that the greatest beneficiary of the increased earnings will be the Dominion Government.

U. S. Pulp Mill Operations Ease Off During September

From Our Own Correspondent

MONTREAL. — Contraction of pulp operations in the United States during September, as compared with the previous month, is indicated by a report produced by the United States Pulp Producers Association. With 86% of the industry reporting last month, output amounted to 586,923 tons. The same percentage of industry reported a production in August of 638,522 tons. The decline is accounted, in part, by the fewer working days.

Examination of the return shows that the manufacture of sulphite, sulphate, and groundwood pulp all declined in about the same ratio. Particulars are set out in the table below.

A feature of the association's returns is that while the amount of pulp used by the producing mills declined 50,000 tons, there was a small gain in sales, while stocks showed a minor increase.

It is too early to draw conclusions from the returns, but it is not without interest to note that combined with the reduction of the amount of pulp used by the producer mills and the slight increases in sales, imports of 64,628 tons were 18,000 tons less than the previous month. This falling-off in imports is not fully explained by the shorter month.

Grades	% of ind'y capacity reporting	Production during Sept.	Used by producing mills	Sales, foreign & domestic	Stocks* on hand end of Sept.	Imports during Sept.
Total, all grades except soda	86%	586,923	450,904	133,356	128,625	64,628
Total sulphite		197,901	97,854	101,612	68,066	39,895
Bleached	100%	122,354	58,397	64,723	44,565	21,247
Unbleached	92%	75,547	39,457	36,889	23,501	18,648
Total sulphate		294,109	261,571	25,566	29,851	11,253
Bleached	100%	48,146	39,980	8,292	4,437	4,191
Unbleached	95%	245,963	221,591	17,273	25,414	7,062
Groundwood	87%	80,390	82,790	3,620	25,253	13,168
Damaged, off-quality & miscellaneous	41%	14,523	8,779	2,560	5,455	312

*Total, for own use and sale, of pulp of own manufacture (Does not include stocks of purchased pulp.)
Import data from United States Bureau of Foreign and Domestic Commerce.
Other data as reported monthly to the United States Pulp Producers Association.

Paper Bonds Advance

Six Active Issues Gain $34 Millions in Volume From 1940 Low

From Our Own Correspondent

MONTREAL.—Six of the most actively traded newsprint bonds have a current value of $109.5 millions, an increase of $34 millions from the low point for the year.

The bond market has not shown any particular activity this year, and the slow but steady rise in the value of newsprint bonds has not drawn any undue attention. It comes as a surprise, therefore, to discover that newsprint bonds have, on the average, advanced about 25% in value from their low point for the year.

Good Gains Recorded

Gains have been general. Some of the more speculative issues, however, have scored the largest advance. For example, Abitibi 5's have moved up from 42 to 68, a gain of 26 points, Consolidated Paper bonds are also a favorite trading medium, increasing in value from 46 to 67, while M. & O.'s have moved up 21 points to 50¼.

The trend of bond values this year for the more active issues is set out below:

Issue:	Current Price	Low for 1940	Gain
Abitibi, 5's	68	42	26
Cons. Paper, 5½'s	67	46	21
Donnacona, 4½'s	79	65½	13½
Great Lakes, 5's	92	80	12
M. & O., 6's	50¼	29¼	21
Lake St. John, 5½'s	89	82	7
Price, 5's	98	89	9
Average	77.6	61.9	15.6

Pulpwood Trade Runs to Millions

U. S. Purchases From Canada in September Total $1.7 Million

From Our Own Correspondent

MONTREAL. — Canada shipped 182,203 cords of pulpwood, valued at $1,692,763, to the United States during September, according to a trade return released by the U. S. Department of Commerce. This worked out at an average value of $9.30 a cord.

Particulars of the trade for September follow:

U. S. Pulpwood Imports from Canada September, 1940

Condition:	Cords	Value
Rough	37,581	$ 307,026
Peeled	139,011	1,344,594
Rossed	5,611	41,143
Total	182,203	1,692,..

Paperboard Operations Lower in U. S. Mills

From Our Own Correspondent

MONTREAL.—Production of U. S. paperboard mills at 71.2% of capacity amounted to 402,548 tons in September, a decline of about 50,000 tons from that reported in the previous year and some 43,000 tons under Sept., 1939.

Further indications of a moderate slowing up of operations is seen in the fact that new orders received during the month amounted to 399,133 tons, as against 414,966 tons the previous month and with 628,272 tons in September a year ago.

Unfilled orders at the end of the month totalled 131,242 tons, and were practically the same as those of the previous months, but 160,000 tons under that reported at the end of September, 1939.

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Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.

Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Have your STATIONERY and PRINTED FORMS printed on
CHENEAUX BOND
AN EDDY PRODUCT

Manitoba Sees Way Out

Enthusiastic to Support of Sirois Report — Wheat Dominates

The history of the Prairie Provinces, their rapid expansion and acute depression can be synopsized in the brief phrase: The Rise and Fall of King Wheat.

Unsurpassed quality wheat has made the vast area of the West the granary of an empire. But dependence upon this one commodity has brought acute depression; constitutes its major weakness.

In the past decade, as part of the Prairie economy, Manitoba has been subjected to heavy strain and stress. Ebb in the fortunes of the great Canadian grain producing area has in the past 10 years brought an era of unprecedented expansion to an end.

Doubtful Prospects

Excellent crops in Manitoba in the past few years have not been fully reflected in better economic conditions in the province generally. Severe restrictions on export markets have the province in the paradoxical position of being a poor producer of plenty in an era of dire want. The Dominion guarantee on wheat prices props up the market for western grain. It can be regarded at best as an expedient, and one not likely to provide any permanent solution.

Gateway to West

But Manitoba is much more than a producer of wheat. Production and handling of the eastward flow of the commodity from both Manitoba and Saskatchewan and distribution of supplies moving westward supports numerous ancillary industries. This was and still is the principal activity of the province.

How to make wheat production support the Prairie Provinces is both a national and provincial issue.

While Manitoba enterprise is more diversified than that of Saskatchewan, the former province is a useful focus of the basic trouble: an economy plunging high and low with the fortunes of wheat production, with devastating effects both for its own people and for the whole of Canada.

Focal Point of Trouble

The Rowell-Sirois report could not have envisioned developments of the past few months: A further restriction of export markets and the second largest wheat crop in history.

Greater Stability

The Commission proposes to give the province a large measure of independence from its major enterprise, to cut it free from the gyrations of wheat. It would give governmental functions, services, revenue and planning a greater degree of stability than is possible at present.

Here is how implementation of the report would affect the province's finances, using 1937 as a base year:

This is what Manitoba GAINS

Net debt assumed by Dom.	$3,701,000
Relief assumed by Dom.	2,584,000
Savings on tax collections	202,000
	$6,487,000
Sinking fund	378,000
Relief works charged to capital account	320,000
	$7,185,000

This is what Manitoba LOSES

Taxes trans. to Dom.	$4,731,000
Subsidies foregone	1,703,000
Gains	$7,185,000
Losses	7,184,000
Net gain	1,000

The gain to municipalities is more important than the small betterment in the position of the province. Here is what the municipalities would gain:

Relief assumed by Dom.	$2,050,000
Relief works	407,000
	$2,457,000

As local governments would give up none of their existing privileges the net gain to them would be $2,457,000.

$2.1 Million Grant

The other consideration in determining what the National Adjustment Grant should be is the level of services in the province.

The Commission report points to the steady reduction of education, welfare and development services since the twenties. Combined provincial and municipal expenditures have fallen in this period from 7% above national average to 9% below.

To raise these standards to the national average would require $1.1 million more revenue annually, it is estimated. Higher provisions out of current revenue for universities and lower expenditures on highways is also taken into consideration. For these purposes and to meet the deficit that would remain, an annual adjustment grant of $2.1 millions is recommended.

Municipalities Gain

The new position of the municipalities under the plan would permit them to convert aggregate deficits of $1¼ million into surpluses of a similar amount.

The budgetary position of the province on the basis of 1936-39 would then be as follows:

Credit	
Prov. revenues	$8,200,000
Nat. adjust. grant	2,100,000
Debit	
Expenditures	$9,000,000
Surplus	1,300,000

This surplus of $1.3 million would be available for expansion of education, welfare and development expenditures, directly or through municipal subsidies, and for reduction of taxation.

Lower Taxes

The transfer of taxing privileges to the Dominion Government would establish taxation in the province at more uniform rates. It would also materially reduce income taxes paid by residents, now at the highest levels of any province. Redistribution of taxes would reduce taxation to the approximate average national level in relation to normal income.

These foregoing calculations serve only illustrative purposes. The effect of the plan on the province would vary considerably from the figures laid down and would naturally be modified by new conditions.

But the recommendations offer a greater degree of stability to the economy and, to a large degree, cut the province free from the ups and downs of wheat.

Manitoba Approves

There seems to be little doubt that the present administration would accept the recommendations of the report enthusiastically.

Relief Burden

Perhaps one of the most important aspects of the proposal as applied to Manitoba would be assumption of the burden of employable unemployment relief.

With the exception of Saskatchewan, Manitoba has had the greatest difficulties of any province in this regard.

With the great concentration of population in the Winnipeg area, up to 90% of the total costs of relief were incurred here. Numerous contiguous municipalities defaulted on debt and the whole question of Winnipeg finance was the subject of an exhaustive survey in 1939.

The condition in the Winnipeg area was attributable only in part to conditions within the city and even within the province. Compared with the other two provinces drought was a minor factor.

40% Unemployed

But prosperity of the Winnipeg area is directly dependent upon the flow of commerce between East and West. With disastrous reduction in this trade flow the means of livelihood for 40 % of the population of Manitoba was removed. Unemployment in the province created a situation which threatened to engulf and throttle the whole provincial economy. Taxation was hoisted to dizzy heights in an effort to cope with the situation; borrowings were raised to the limit of the province's credit line.

By 1932 the credit of the province and municipalities was virtually exhausted. Capitalized relief and current deficits had to be obtained by provincial loans from the Dominion. The municipalities received loans from the province. Debenture maturities of the province were refunded by means of Dominion advances. Manitoba's indebtedness to the Dominion grew heavily.

Progressive Revenue System

It is evident from the public accounts of the province in these distressed years that determined steps were taken to keep finances from crumbling. With a less conscientious effort, the drift in debt would have been much more pronounced.

One of the features of the prevailing provincial-municipal system is the high yield on real property taxation. This is particularly true of Winnipeg. Another feature is the provincial income tax, which is the heaviest on the continent in the low salary brackets.

Following is the Rowell-Sirois Commission's tabulation of provincial and municipal revenues on current account in 1937 compared with the Canadian average:

	Manitoba	All Prov.
	—$ per capita—	
Real prop. tax	23.71	22.60
Gas tax & vehicles	5.08	5.84
Public domain	0.84	1.90
Liquor control	2.44	2.68
Misc. taxes, fees	6.73	6.85
	38.80	39.87
Sales taxes	....	0.57
Corporation taxes	2.58	3.06
Pers. inc. tax	3.89	1.24
Succession duties	0.56	3.22
Total prov. rev.	45.83	47.96
Dom. subsidies	3.42	1.91
Total	49.25	49.87

High Service Charges

Commenting on the revenue system of the province, the Commission states:

"The revenue system of Manitoba has come through a period of abnormal strain as one of the most progressive in Canada."

As might be expected, in view of the rapid increase of provincial debt in the depression years the higher than average per capita debt service charge is a feature of the expenditures of the province and municipalities.

Following is a per capita breakdown of expenditures on current account for both province and municipalities in 1937, with a national average comparison:

	Manitoba	All Prov.
	—$ per capita—	
Net debt charges	10.39	9.52
Public Welfare:		
Relief	6.96	5.45
Other	7.47	7.26
Education	9.63	9.78
Agriculture and Public Domain	1.02	1.86
Transportation	4.04	5.03
Cent. govt. & misc.	9.24	9.80
Total	48.75	48.70
Per. cap. prov. inc.	$361	$345
Per. Cap. outst. debt.	292	291
Curr. exp. to prov. Inc.	14%	14%
Outst. debt to prov. Inc.	81%	84%

Hold Debt in Check

Net debt charges on a per capita basis are above national average. In the early thirties net public debt charges (municipal and provincial) doubled. In recent years the figure has been well held in check.

The increase in debt was mainly due to uncontrollable factors (i.e. unemployment relief). All capital expenditure was rigorously restrained, indicating the real effort to the Government to keep the province's financial structure from complete collapse.

The Dominion financed refunding operations of the province through 3% Dominion treasury bills. Weak credit position of the Province prevented any economies by large scale refunding operations in an era of cheaper money.

Coupons of outstanding funded debt are higher than existing interest rates. Virtually all 6% debentures mature by 1947. The major proportion of the 4½%, 5% and 5½% issues do not mature until the fifties.

U. S. Pay Costly

Unfortunately for the province about two thirds of the debt is payable optionally in other than Canadian currencies. With the unfavorable exchange rate on domestic funds in relation to the U. S. dollar, this considerable extra burden is added to debt service charges.

A whole series of adverse developments have worked severe hardships on Winnipeg. At the beginning of the depression its financial standing was high. In fact, the Goldenburg Commission found that the city's position after many adverse years was still inherently sound. Its sinking fund was deemed sufficiently strong to permit employment of a proportion of "excess" requirements of the fund for current purposes.

Retrenchment has been practised conscientiously by the provincial administration, and, in fact, the Commission report states in this regard:

"In some cases essential maintenance expenditures have been deferred to an extent which may prove costly in the long run. In the field of development there would appear to be room for some productive expansion of expenditure."

Hard Hit Economy

The report summarizes the financial position of the province as follows:

"The financial position of Manitoba governments reflects a picture of a very hard hit economy. The governments, however, rigorously reduced expenditures, discovered some unsuspected reserves of strength, and promptly chose a direct and efficient, although not particularly popular, method of maintaining revenues. These measures, with Dominion assistance, sufficed to weather the worst of the storm and Manitoba has recently been favored with exceptionally good crops. Manitoba remains handicapped, however, by a rigid public debt structure and by a chronic metropolitan unemployment problem which affects the suburban municipalities in particular. Continuation of the present conditions threatens the credit and financial stability of both provincial and local governments."

This is the fourth of a series of reviews outlining the effect on the individual provinces of adoption of the Rowell-Sirois recommendations.

U. S. Produces More Cellulose Acetate

From Our Own Correspondent

MONTREAL. — Cellulose acetate production in the United States reported an improvement in September, amounting to 126,248 pounds. This represents an increase of 64,000 pounds over the previous month and 121,000 pounds over September a year ago.

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Referee Board Terminates Another Tax Uncertainty

Excess Profits Tax Works on Basis of Pay First, Appeal Afterwards

By STAFF WRITER

OTTAWA.—Eagerly awaited by businessmen and investors everywhere across Canada, the Board of Referees provided in the Excess Profits Tax Act has been appointed.

Earlier failure to set up this Board, in the months that elapsed after the Act in its present form became law, has been widely criticized. It fostered an undesirable uncertainty regarding probable earnings and tax burdens for many firms, it was felt. Now the way is opened to settle the problems which will come before the Board.

Its chief function will be to set "standard profits" for "depressed" businesses or new businesses which have not been able to establish a record of earnings from which to measure any "excess" for the current tax year.

MR. JUSTICE HARRISON — C. P. FELL — K. W. DALGLISH

E. P. T. BOARD OF REFEREES —

Anxiously awaited by businessmen across Canada, the Board of Referees provided under the Excess Profits Tax Act has now been appointed. Mr. Justice W. H. Harrison, of the New Brunswick Supreme Court, is chairman. Other members are Charles P. Fell of Toronto and Kenneth W. Dalglish of Montreal. Mr. Fell is vice-president of Matthews & Co., Toronto investment firm, and president of the Empire Life Insurance Co. Mr. Dalglish is resident partner in Montreal of the accounting firm of Deloitte, Plender, Haskins & Sells and was president of the Dominion Association of Chartered Accountants for the 1939-40 year. Chief duty of the new board will be to establish "standard profits" under the Excess Profits Tax Act for "depressed" or new businesses.

Personnel of Board

Chairman of the Board of Referees is Mr. Justice W. H. Harrison, of the New Brunswick Supreme Court, and the other members are Charles P. Fell, of Toronto, and Kenneth W. Dalglish, C.A., of Montreal.

The Dominion income tax department is not represented on the Board. This, it is pointed out by officials, means that the Board will not be bound by precedent and established practices in the income tax department. It will have access to any records in the income tax department but will be expected to interpret each case on its own understanding of the pertinent circumstances.

No Rush Expected

Income tax officials do not look for any rush of business for the new board. This is based on two facts. In the first place it is pointed out that a relatively small number of Canadian companies pay by far the larger portion of corporation income taxes. In 1939, for example, 1,180 companies paid corporation income taxes to the amount of about $74.4 millions out of $85.7 millions for all corporation income taxes paid to the Dominion. Then businesses which have less than $5,000 in taxable income are exempt from Excess Profits Tax and 9,265 out of 13,809 reporting last year were in this class. They paid total income taxes of only $1,972,172.

Finally it is said that an application to the board must be supported by an extensive brief and complete details of the reasons why the company thinks it is justified in asking for special consideration. To prepare these details takes time and they must be accompanied by actual tax returns.

In some cases—notably newsprint—it is expected that the industry could act as a unit in presenting its claims.

Much has been heard of the delay in announcing the personnel of this board of referees but authorities suggest that there would have been little that it could have done to date under the method of procedure set out.

Pay First, Appeal Later

The principal to be followed under this year's taxation laws appears to be that companies must interpret the regulations as they, or their auditors, see them. Then returns must be made on this basis. If the company feels that it is entitled to some special consideration, then it is at liberty to file its application on the special form provided, known as "Excess Profits Tax Act—Standard Profits Claim." This claim should be lodged with the Inspector of Income Tax. Claims are first considered by the Minister of National Revenue who may pass them on to the Board of Referees. Claims disallowed by the Minister may be brought before the Board on the request of the taxpayer.

There are four bases on which claims for action on the part of the Board may be made. These are:

1. That the business of the taxpayer was one of a class which during the standard period was depressed. In this case claims may be made on behalf of all taxpayers in the industry by a central organization or by individual companies. Names of other companies in this "depressed industry" must also be given.

2. That the business of the taxpayer, while not one of a class which was depressed during the standard period, was itself abnormally depressed during the period.

3. That the taxpayer was not carrying on business during the standard period of 1936, 1937, 1938 and 1939.

4. That the taxpayer is a new business, that is one coming into operation between Jan. 1, 1938, and Dec. 31, 1939, and that profits prior to 1940 were so low that to ascertain standard profits solely by them would be unjust.

Not Readily Changed

Thus it appears that the work of the new Board will be confined to setting standard profits almost entirely. Once a standard profit is established for either a new business or a depressed business, it cannot be altered except by the Minister and unless under the following circumstances:

1. Where an adjustment is necessary because some portion of the standard period did not correspond to 12 month period. This might come up where a company altered its fiscal period and reported either for less than a full year or for more than a 12 month period.

2. Where there has been a capital contribution or withdrawal which would affect the standard profit which, when set by the board, will be based on capital invested.

3. Where there have been charges to earnings not common to standard and taxation periods.

Capital is "Net-Worth"

A depressed business is to be permitted a standard profit which would be equivalent to not more than 10% or not more than 5% of capital employed.

Capital employed will be determined on what is termed the "net-worth" basis. This means that the depreciated cost of the assets is determined first. From this is deducted all the liabilities of the business such as bonds, trade debts, etc. The balance is the net worth or capital employed. It is capital at the beginning of the taxation period that counts.

Cost in money, or money's worth, is the accepted test of value. Where assets have been acquired by exchange or distribution of shares, then it will be necessary to ascertain the value of the share consideration. Goodwill, trade marks, and other intangible assets, if purchased, are to be valued in the same way. Accounts receivable are regarded as capital but the taxpayer is permitted to deduct any reserves for bad debts actually allowed as a deduction in calculating taxable income. Cash on hand or bank deposits are part of capital employed.

Deductions allowed in determining capital employed include total amounts set aside for depreciation or depletion reserves and actually deducted from profits in taxable years, any borrowed money and debts except dividends declared and unpaid at the beginning of the period. Income bonds issued prior to 1930 are not allowed as a deduction. Investments in Canadian companies must be deducted from capital but investments in foreign companies must be included.

West. Can. Hydro Revenues Up

Net Lower — Taxes Are Higher and Depreciation Allowance Bigger

From Our Own Correspondent

VANCOUVER. — Total revenues from all operations of West Canadian Hydro-Electric Corp. in year ended June 30, last, were $13,932 higher than in the previous year. Revenue totalled $487,873 in year ended June 30, 1939.

Net profit of $57,927, however, was down $15,513 compared with the figure of $73,440 for year ended June 30, 1939. This was due to higher taxes, larger depreciation allowance and foreign exchange costs, and slightly increased operating costs.

Dividends More Than Earned

Net profit was more than sufficient to cover preference dividends of 80 cents a share, requiring $43,048; and common dividends at 10 cents a share requiring $10,000—total of $53,048.

Col. E. B. Westby, president, reports total of $69,985 spent on additions and replacements during the year. Working capital of $109,843 at year end showed a reduction of about $4,053.

Col. Westby reports electric customers have increased from 3,458 to 3,624. Sale of electric energy advanced by over 700,000 kilowatts, while telephone rentals also were up.

War Savings That Count

(Continued from page 11)

income, does not mean permanent self-denial. It only means postponement. However, to the person who has been struggling along for years, this postponement will really hurt.

This creates a serious political problem for the Government. To prohibit the purchase of goods which are in special demand by a large number of new wage earners is something any government does not do willingly.

Yet if it is necessary where is the leadership to come from? Many businessmen feel that it must come from the Government in some way.

The authorities know the things of which a shortage is threatened. Therefore, it is argued, it should give guidance as to private war expenditures and savings.

How can this be done?

Two ways have been suggested.

1. The totalitarian way—the easy way. It would mean regimentation of consumption and production within the country and all purchases of American goods. This would affect both individual and industrial concerns. The individual could buy only so much of such and such.

The other way—the democratic way—would be to urge every citizen to regulate his purchases voluntarily. To ask himself before buying anything "Am I retarding Canada's war effort?"

Here again, however, government guidance is necessary. General appeals will not be enough. There must be something specific.

A third method suggested is compromise. It would combine voluntary control of purchases by the individual with a degree of government control which it is believed would not be objectionable to the majority of people. In wartime it is felt there can be no great objection to a certain amount of regimentation of civil life just as there is in the army. Some of this has been put into effect already in regard to various commodities through the system of controllers.

Under this plan procedure would be:

1. To appeal to the people to save more money. The money so saved would be invested in war savings certificates or government loans and thus diverted from the purchase of goods not essential to the war effort. It would also form a backlog for the individual to fall back on when the war is over.

2. To use taxation to direct expenditures. This has already been done in a number of items where taxes have been increased with the definite purpose of restricting consumption.

3. Use of controls such as rationing supplies of raw materials, diverting labor from "non-essentials" to war plants, etc. This would mean simply an extension of a system already in practice.

It is argued in support of this plan that even though the idea is hostile to the ideals of democracy, in wartime a measure of regimentation is excusable and even desirable under a democracy. Under this plan the supply of various materials for non-war purposes would be rationed which would curtail the consumption for non-essential purposes.

In any case the people are looking for leadership as to where and what they should save. This leadership must come from those who know what the national supply and demand situation is, that is Ottawa.

Otherwise, saving may be as futile as that of the man at the beginning of this article who gives up buying flowers in the belief that he is doing his part to win the war.

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TORONTO WINNIPEG VANCOUVER

Can. Locomotive Earnings Gain

Indications are that profits of Canadian Locomotive Co. for 1940 will exceed those of 1938, when the company covered its income bond interest 4.54 times after depreciation, according to information obtained by Plaxton, Cherry & Co. from official sources. No estimate of excess profits taxes can be made as yet but the company plans to ask special consideration as a "depressed" industry.

Most of the company's business at present is for the Government which is financing the major portion of the $1 million addition to plant now under way. When this addition is completed early next year, it is expected that number of workers will be doubled.

Fleet Aircraft Has Big Order

Will Supply $4 Millions of New Type Advanced Trainer

From Our Own Correspondent

MONTREAL.—Fleet Aircraft Ltd. has been awarded a contract by the Department of Munitions & Supply for a number of Fleet "Model 60" advance training planes valued at $4,065,768.

The trainer was designed and engineered from "drawing board to take-off" by Fleet engineers. An all-metal, low-winged monoplane of modern type, it has a maximum speed of 191 miles, a cruising speed of 163 miles and a landing speed of 58 miles an hour. Its performance tests were completed about the beginning of last May, following which it was approved by the Department of Transport.

Other Orders on Books

This new contract follows upon a substantial one for primary training planes which was received by the company from the Department in January, 1940. Since that time, additional orders from the Government have been received for parts, overhauls and other types of work and materials.

In addition to the overhaul on its own machines, Fleet Aircraft Ltd. is also responsible for the overhaul of Fairey battle planes—a British aircraft to be used in the British Commonwealth Air Training Plan—and Kinner engines.

War Speeding B.C. Industry

Demand Grows For Shells, Ships, Lumber and Planes

From Our Own Correspondent

VANCOUVER. — Canada's west coast is expecting a further intensification of war industry during the next few months as a result of new shell and airplane production and shipbuilding plans.

Delays in re-tooling and other preliminary details in connection with production of lathes will make it impossible for British Columbia plants to start manufacturing shells before next February, but it is probable that by that time at least three Vancouver engineering companies will have shell orders.

To Build Freighters

The shipbuilding situation is still complicated, although it is understood that at least one west coast shipyard will soon be building 10,000 ton steel cargo ships for the British Government. In the last war and the years immediately thereafter British Columbia yards turned out a large fleet of both steel and wooden ships to the total value of about $90 millions.

At present five British Columbia yards are engaged in building corvettes and minesweepers to the value of about $15 millions, but a large part of this programme has already been completed and several yards have empty berths.

A British commission was recently on the coast looking into the prospects of placing ship contracts in British Columbia. While costs of production are estimated to be about 20% higher than in eastern Canada, climatic conditions and the strategic advantage of having an active shipbuilding industry on the west coast are in British Columbia's favor. Higher production costs have not interfered with American west coast ports sharing substantially in recent shipbuilding orders.

Rush Plane Plant

On Sea Island, seven miles from Vancouver, Boeing Aircraft of Canada is rushing construction of a new plant which will make complete planes for the Canadian Government. At present Boeing in Vancouver is working on fabrication of airplane parts, notably spars from Sitka spruce which is obtainable only on this coast.

Lumber Boom

Lumber production continues at an unprecedented scale. In addition to orders for the United Kingdom, the Canadian defense and air training schemes have made heavy demands on the sawmills. Construction of 325 hangars and other aircraft units will require 28 million feet of framing, 15 million feet of roofing material, 20 million feet of sheathing stock and 350 carloads of shingles. All this lumber is needed in addition to the housing requirements for 75,000 men in the air forces and 100,000 others in training for other military services. For a single encampment on Vancouver Island for 4,000 men more than 4.5 million feet of lumber are required, so that close to 200 million feet will be needed on that account throughout Canada.

Vitamins for Victory

(Continued from page 11)

milk (this includes milk used in cooking), some meat and eggs, two cooked vegetables besides potatoes and some raw fruit or vegetable. During the winter we need also a teaspoonful of cod-liver oil daily or some other source of vitamin D.

Once we have made sure that we eat these "protective foods," then what we eat over and above that does not matter so much.

In Canada we have been widening our diet by using imported "out-of-season" vegetables, citrus fruits, etc.

War's impact will shortly require that some, at any rate, of these imports must be curtailed.

Here again nutrition experts can come to our aid.

Canadians must be informed and guided, just as are the people of Britain, in ways and means of maintaining a balanced, healthy diet without recourse to foods not available in time of war.

As a matter of fact the Canadian farmer produces all the foods necessary for good health. Canadian-grown vegetables, such as tomatoes, turnips, cabbages and fruit in season (apples, berries, cherries, plums, peaches, pears) can replace the more expensive imported fruit.

Canadians will be helped and encouraged to win the war not only by conserving badly needed American dollars, but by readjusting eating habits to ensure a better, healthier diet.

It would not be surprising if whatever action is taken will follow British practice and be on the advice and counsel of nutrition experts.

"We have a war to win. We must be fit for whatever task is required of us. Every housewife can do her bit—and help others do theirs by learning to eat the proper kind and amount of food—first, the protective foods, those which build resistance to disease and infection and give vitality and victory."

Everyone can help to Win the War by the systematic purchase of WAR SAVINGS CERTIFICATES

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MONTREAL

New Building

WAR PROJECTS

Recent large contracts awarded by the Department of Munitions & Supply have provided for the following construction projects:

Air navigation school, Pennfield Ridge, N.B., $336,000, of steel construction, to be completed by January, 1941.

Paving runways, R.C.A.F. station, Rockcliffe, Ottawa, about $324,000.

Reported by Engineering & Contract Record:

Industrial Glass Co. has undertaken extension of its plant in town of St. Laurent, Montreal area, at cost of about $100,000.

Ontario Dept. of Highways will complete dual-lane express highway from Highland Creek (just east of Toronto) to Oshawa, to relieve present highway congestion and aid in handling truck traffic between Toronto and war plants at points east of there. The new road, which will ultimately extend to the Quebec boundary, is in effect an easterly extension of the Queen Elizabeth express highway from Toronto west and south to Niagara Falls. The western division will ultimately extend to Windsor. Cost of the new Highland Creek-Oshawa section is estimated at $125,000 a mile or a total of about $4 millions. Tenders have been called for bridges to carry the dual lane road across the Rouge River and over Duffin's Creek at Pickering.

Dom. Dept. of Public Works has awarded general contract at $138,000 for extension of No. 2 naval dockyard at Halifax.

FORD V-8 TRUCKS

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Massive new Ford V-8 Trucks are the economy trucks for 1941 ★ 59 body and chassis types, 3 V-8 engines and 8 wheelbases supply a Ford unit for more than 95% of all truck operations.

BIG JOBS are in the making for 1941. Under the conditions of national emergency, they're jobs that have to be done fast and efficiently. 1941 Ford Trucks are built to do more work, in less time at lower cost.

THEY'RE BETTER than their predecessors—and Ford Trucks led in Canadian sales in each of the last 6 years and in 22 of the last 26! That record *talks*.

FORD POWER AND ECONOMY just aren't matched by any other truck at any price. Ford Trucks haul heavy loads *faster* and *more thriftily* because they develop higher torque over a wider range of speeds, speeds at which trucks operate most efficiently.

EVERY VITAL PART of a Ford Truck is built with *extra* ruggedness. For example! Ford full-floating rear axle with straddle-mounted pinion, is the most serviceable type known. Big semi-centrifugal clutch enjoys long life under punishing service. Tungsten steel inserts on both intake and exhaust valve seats eliminate valve grinding up to 40 or 50 thousand miles!

FORD TRUCK STYLING is new and more handsome for '41. See these trucks at the Ford-Mercury dealer's and arrange an "on-the-job" test. You'll learn what Ford power, economy and reliability will do for you!

LOW 1941 PRICES MAKE NEWS!

Factory retail prices reduced $26 to $32 on Cab-over-Engine chassis with cab. Commercial car chassis with cab increased only $12. Regular truck chassis with cab increased only $16.

LOW-COST TRUCKS FOR LOW-COST HAULING

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING NOVEMBER 4

Range 1940 High	Low	Div R'te $	Nov. 2 Y'ld %		Sales	Last Oct. 28	Week end. Nov. 4 H	L	Cl'se
				A					
2.50	.50	.	...	Abitibi	1830	.85	1.00	.90	1.00
27½	2½	.	...	Do. pref. 6%	3180	4½	8	7½	7½
33	5½	.	...	Do. pref. 7%	....	(10 bid 15 asked)			
6	3	.	...	Acme Glove	....	(2 bid — asked)			
				Do. pref.	....	(45 bid 50 asked)			
22½	13½	1	5.8	Ford Motor A	1094	17	17½	17	
21½	14	1	5.9	Do. (B)	....	(17 bid 18 asked)			
.20	.05	.	...	For. Pr. Secs.	....	(— bid .15 asked)			
15½	6	‡50c	..	Foundation Co.	60	12	12	12	
20	6	.	...	Fraser Cos.	85	9½	10½	9½	
21½	7½	.	...	Do. Vot. Tr.	190	11½	12½	11½	
.50	.50	.	...	Freiman	....	(— bid — asked)			
38	32	.	...	Do. pref.	....	(34 bid — asked)			
16½	9	80c	7.2	Gatineau Pwr.	86	11	11½	11	
97	79	5	5.6	Do. pref.	60	89	90	89	
				Do. 5½% pref.	....	(91½ bid 96 asked)			

Mining Stocks

Week Ending November 4.

Vancouver Stocks

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close Oct. 28 (or last)	High for week	Low for week	Close Nov. 4
No	.07½	.03	South End	......	(.03½ May 16)			
No	.60	.21	Southwest Pete	......	(.25 Sept. 11)			
1	.06	.02	Spooner	......	(.... bid .06 asked)			
25c.	.38	.11½	Sunset Oil	200	.14	.11½	.11½	.11½
No	.09	.02½	United	......	(.03 bid .... asked)			
No	.07	.03½	Vanalta	......	(.04 bid .04½ asked)			
1	.63	.23	Vulcan	......	(.28½ bid .... asked)			
No	.05	.03	West Flank	......	(.05 May 11)			

*Quotations for 1939.

Winnipeg Stocks

(Transactions from Oct. 28 to Nov. 2)

	Sales	High for period	Low for period	Close Nov. 2
Crescent Creamery, pfd.	1	8.50	8.50	8.50
Dominion Envelope	11	6.50	6.00	6.50
Do., pref.	2	100.00	100.00	100.00
Great West Life	2	212.00	212.00	212.00
Proprietary Mines	200	2.55	2.55	2.55
Sachigo River	50	2.25	2.25	2.25
Wingold	1,200	.06	.06	.06

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Nor. Can. Mtg. p.	5	..
Beav. Lumber, c.	..	4	North. Trusts	..	8
Do., pref.	99	102	Traders Bldg.	40	..
Can. Airways	1		West. Grain, p.	7	9
Can. Indemnity	120		West. Brew.	1½	2
Federal Grain, c.	..	1¼	Unit. Grain	8	10
Federal Grain, p.	34	37	West. Steel	7½	9
Home Invest.	13	..	Wings	.15	..
Monarch Life	33				

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Nov. 5	4,300	7,900	455,000	......
Nov. 4	5,000	8,600	288,000	17,351
Nov. 2	3,200	4,200	100,000	7,104
Nov. 1	8,900	24,100	186,000	17,850
Oct. 31	6,000	13,900	340,000	19,455
Oct. 30	5,600	9,400	159,000	16,250

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Unlisted Mines

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Reliance Grain	4½	'52	98	101	97½
†Restigouche Co.	6	'48	98	101	97½
Rolland Paper	4½	'51	102	105	102
Simpson's Ltd.	4½	'51	99½	102½	100½
Smith, Howard	4½	'51	103	106	103½
*United Gas	5½	'48	103	...	103
United Gr. Grs.	5	'48	95	...	95
†Western Grain	6	'49	49	52	50

*Payable in U. S. only.
▲Payable in Canada only.
*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.

Supplementary Bond and Stock Quotations

Furnished by Plaxton, Cherry & Co., Toronto

Miscellaneous Stocks:	Bid Nov. 5 $	Asked Nov. 5 $	Bid Oct. 29 $
Blue Top Brew., B	5.25	6.25	5.18
Brown Co., c.	1.35	2.00	1.50
Can. Inv. Fund	3.45	3.90	3.50
Can. Motorlamp, A	3.00	4.00	3.15
Can. West. Lumber	.35	.70	.40
Cap. Wirecl., pref.	19.00	22.50	20.50
Collingw. T Units	.70	....	.75
Corp. Inv. A	5.70	6.05	5.65
Dover Ind. Ltd.	7.85	8.75	7.75
East. Stl. Prds., pfd.	20.00	21.25	19.75
Ind. Accept., pref.	80.00	85.00	81.00
Int. Util. 1.75 pfd.	10.00	11.50	10.25
Int. Util. 3.75 pfd.	33.50	36.75	34.00
Inv. Found. Units	39.00	43.00	39.50
Mid. Loan & Savgs.	14.00	15.50	14.25
Moirs, 6% pfd.	16.50	18.50	16.00
N. Amer. Elev., pfd.	49.50	....	49.50
Prov. Bank	101.50	104.00	101.00
Tip Top Inc. Units	50.00	60.00	B.W.
Tr. Fin. Inc. Rts.	13.00	15.00	12.75
Waterloo Tr. & Savg.	100.00	103.00	100.50
West Can. Hy, pfd.	11.00	12.25	11.25

*Payable U.S. & Can. funds. *Payable U. S. funds only. †Traded without accrued interest.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.25	3.75
Can. Inv. Fund	3.50	3.90
All Can. Trustee	....	10.50
Grouped Income	....	3.40
Trans-Canada Shs.	10.80	11.80

Municipal Bonds

Nov. 5, 1940

†Halifax	5	1961	105.00	110.00	4.27
Hamilton	5	1950	110.50	112.50	3.45
Montreal	5	1945	94.00	98.00	5.52
Ottawa	4½	1945	104.05	106.05	3.10
†Quebec	5	1959	104.00	108.00	4.37
Saint John	5	1950	102.00	106.00	4.26
†Toronto	4½	1955	109.30	111.30	3.50
†Vancouver	5	1950	99.00	102.00	4.73
Winnipeg	5	1944	100.00	103.00	4.03

†Payable Can. and N.Y.

Building Products Ltd. Opens Plant in West

From Our Own Correspondent

MONTREAL.—Building Products Ltd. reports that its new paper mill in Winnipeg will go into operation next week. The plant is designed for the production of asphalt-laminated insulating board, wallboard, building papers, and roofing felts.

Construction was begun last spring with plans calling for first production during October. This objective was reached, but officially the plant does not open until next week. The mill is designed for a 15-ton daily production capacity and cost, including equipment, approximately $250,000.

Annual Meetings

1940:	Company	Place
Nov. 12	Maple Leaf Mill.	Toronto
Nov. 15	MacKinnon Steel	Montreal
Dec. 10	Can. Bk. of Commerce	Toronto
Jan. 9	Provincial Bank	Montreal

Dividends Declared

	This payment	Date payable	Date of record
Alta. W. Pres., p.	$1.75	Jan. 2	Dec. 23
Aluminium	$1.50	Dec. 5	Nov. 20
Do., pref.	†$1.50	Dec. 1	Nov. 15
Anglo-Huronian	10c	Dec. 30	Dec. 16
All Can. C. stk. A	0.2334	Nov. 1	Oct. 15
Bk. Can. Nationale	$2	Dec. 1	Nov. 15
Bank of Montreal	$2	Dec. 2	Oct. 31
Bank of Toronto	$2.50	Dec. 2	Nov. 15
Beattie Gold	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Bathurst Pr., A	25c	Dec. 23	Dec. 5
Cel. of Am., stk. div.	*	Dec. 10	Oct. 11
Do., prior pf.	†$1.75	Jan. 1 '41	Dec. 17
Do., part. pfd.	†$3.50	Dec. 31	Dec. 17
Can. W. & Cable, A	$1	Dec. 15	Nov. 30
Do., B	50c	Dec. 15	Nov. 30
Do., pref.	$1.62½	Dec. 15	Nov. 30
Cochenour W.	3c	Nov. 15	Oct. 31
Canadian Oil, c.	12½c	Nov. 15	Nov. 1
Do., extra	12½c	Nov. 15	Nov. 1
Can. Converters	50c	Nov. 15	Oct. 31
Can. Gen. Elec.	$2	Jan. 2	Dec. 14
Can. Min. Eq., pf., c.	5c	Oct. 18	Sept. 18
Chesterville L.	▴5c	Dec. 14	Nov. 25
Com'wealth In'tl.	4c	Nov. 15	Oct. 15
Confed. Amuse., pf.	$3	Dec. 4	Nov. 15
Coniaurum M.	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Cosmos Imp.	30c	Nov. 15	Oct. 31
Crown Cork	50c	Nov. 15	Oct. 31
Crow's Nest Coal	$1.50	Dec. 2	Nov. 7
Commoil	1½c	Nov. 25	Nov. 15
Corporate Inv., A B	5c	Nov. 15	Oct. 30
Canada Cement, p.	$1.25	Dec. 20	Nov. 30
Can. Ind. Alc., A B	15c	Nov. 30	Nov. 20
Can. Malartic G.	▪2c	Dec. 17	Nov. 28
Can. Indemnity	$3	Jan. 2	Dec. 20
Do., bonus	$2	Jan. 2	Dec. 20
Canadian Fire	$2	Jan. 2	Dec. 20
Confederation Life	$1.50	Dec. 31	Dec. 25
Deb. & Secs., pref.	$2.50	Jan. 1	Dec. 23
Distil.-Seag., c.	55½c	Dec. 16	Dec. 2
Davies Pete.	1c	Nov. 25	Nov. 15
Dominion Coal, pf.	38c	Jan. 2	Dec. 14
Dom. & Ang. Inv. p	$1.25	Dec. 2	Nov. 15
Dome Mines	▪50c	Jan. 20	Dec. 31
Dom. Bridge	30c	Nov. 25	Oct. 31
Electrolux	†25c	Nov. 15	Oct. 17
East Malartic M.	10c	Dec. 2	Nov. 1
Gen. St. Wares, pf.	$1.75	Nov. 20	Nov. 8
Do., participating	19c	Nov. 20	Nov. 8
Granby Cons.	▪†15c	Dec. 2	Nov. 15
Gurd, C., pfd.	$1.75	Nov. 15	Nov. 1
Gunnar Gold	3c	Nov. 15	Oct. 31
Hallnor Mines	15c	Dec. 2	Nov. 15
Hard Rock G.	5c	Dec. 20	Nov. 30
Hedey Mascot	2c	Nov. 15	Oct. 23
Italo-Arg. Elec.	•3.50	Nov. 8	Coup. 44
Inter. Bronze	37½	Nov. 15	Oct. 31
Island Mtn. M.	7c	Dec. 16	Dec. 2
Inter. Nickel, c.	50c	Dec. 31	Dec. 2
Lake of Woods M.	50c	Dec. 2	Nov. 15
Do., pref.	$1.75	Dec. 2	Nov. 15
Laura Secord	20c	Dec. 2	Nov. 15
Leitch Gold	2c	Nov. 15	Oct. 31
Loew's London, pf.	25c	Nov. 30	Nov. 16
Loblaw Inc.	†20c	Nov. 30	Nov. 15
Loblaw Groc., A B	25c	Dec. 2	Nov. 9
Do., extra	12½c	Dec. 2	Nov. 9
McIntyre Porc.	55½	Dec. 2	Nov. 1
Do., extra	$1.11	Jan. 2, '41	Nov. 1
Matachewan Cons.	▪2c	Nov. 30	Nov. 11
Montreal Trust	$1	Oct. 15	Sept. 30
MacLeod-Cockshutt	10c	Dec. 20	Nov. 30
Modern Contain.	20c	Jan. 1	Dec. 20
Do., extra	10c	Jan. 1	Dec. 20
Do., pref.	$1.37½	Jan. 1	Dec. 20
Nat. Biscuit	†40c	Jan. 15 '41	Dec. 13
Do., pref.	†$1.75	Nov. 30	Nov. 15
Noranda Mines	$1	Dec. 16	Nov. 25
Northwest. Util., p.	$1.50	Dec. 1	Nov. 25
N. S. Light & P., p.	$1.50	Dec. 2	Nov. 16
Ont. Steel Prod.	25c	Nov. 15	Nov. 4
Do., pref.	$1.75	Nov. 15	Nov. 4
Penmans	75c	Nov. 15	Nov. 5
Pacific P. & W., pf.	75c	Nov. 1	Oct. 25
Paterson, Wm., pfd.	$1.75	Nov. 1	Oct. 20
Pamour Porc	6c	Dec. 2	Nov. 15
Pressed Metals	†25c	Dec. 2	Nov. 15
Privateer Mine	3c	Nov. 10	Oct. 30
Do., extra	2c	Nov. 10	Oct. 30
Provincial Bank	$1.50	Dec. 1	Nov. 15
Quebec Power	25c	Nov. 25	Oct. 28
Royal Bank	$2	Dec. 2	Oct. 31
Rolland Paper	30c	Nov. 15	Nov. 5
Do., pref.	$1.50	Dec. 2	Nov. 15
Shawinigan W.	22c	Nov. 25	Oct. 23
Siscoe Gold	2½c	Dec. 16	Nov. 16
Sherbrooke Trust	$1.50	Nov. 1	Oct. 15
So. Amer Gold	†10c	Nov. 20	Nov. 7
South. Can. Pr., c.	20c	Nov. 15	Oct. 31
Sherritt G. M.	5c	Dec. 12	Nov. 12
Sylvanite Gold	†5c	Dec. 28	Nov. 6
Do., extra	†5c	Dec. 28	Nov. 6
Toronto Elevators, p.	66c	Dec. 7	Nov. 25
Toburn Gold	2c	Nov. 22	Oct. 22
Do., extra	2c	Nov. 22	Oct. 22
Union Gas	20c	Dec. 14	Nov. 20
United Corp., A	37c	Nov. 15	Oct. 31
United Fuel, A pfd.	75c	Jan. 2, '41	Dec. 20
United Steel, pf. A	75c	Nov. 1	Oct. 27
Upper Can. Mines	3c	Nov. 30	Nov. 15
Ventures	▪10c	Dec. 21	Nov. 29
Vulcan Br. Pete.	2c	Nov. 8	Oct. 31
Wendigo Gold	▪▴3c	Dec. 2	Nov. 25
Walkerville Brew.	5c	Nov. 25	Nov. 15

†Payable in U. S. funds.
•Pesos, less 5% Argentine tax.
▪Subject to approval by Foreign Exchange Control Board.
*One share for each 30 common shares held.
▴Initial.

Mining Dividends

	Rate	Close Nov. 4	Yield %
Anglo-Huronian	10c	2.00	..
Beattie Gold	16c.+2c.	1.12	*16.1
Bralorne	80c+40c	10.00	*12
Broulan Porc	3c	.80	..
Buffalo Ankerite	‡31c	4.45	..
Bulolo Gold	$3	14.25	21
Can. Malartic	8c	.56	..
Cariboo Gold	16c+2c	2.15	*10.2
Central Patricia	16c+7c	1.85	*12.4
Chesterville	†5c	1.33	..
Cochenour Willans	†3c	.70½	..
Coniagas	‡25c	1.25	..
Coniaurum	16c+2c	1.44	*12.5
Cons. Smelters	$1+$1	39.00	*5.1
Delnite	‡6c	.75	..
Dome Mines	$2	23.00	8.7
East Malartic	30c	3.15	9.5
God's Lake	2½c	.34	..
Gold Belt	†2c	.22	..
Gunnar Gold	‡6c	.37	..
Hallnor	60c	5.60	10.7
Hard Rock	‡10c	1.02	..
Hedley Mascot	‡8c	.47	..
Hollinger	65c+45c	12.63	*8.7
Howey Gold	‡2c	.30	..
Hudson Bay	$1.75	28.00	6.2
Inter. Nickel, com.	$2	37.50	5.3
Island Mountain	15c	.81	..
Kerr Addison	‡10c	3.20	..
Kerr Lake	‡5c	.20	..
Kirkland Lake	10c+2c	.95	*12.6
Kootenay Belle	‡12c	.25	..
Lamaque Gold	40c+10c	5.00	*10.0
Lake Shore	$2	19.50	10.2
Leitch	8c	.51	15.7
Little Long Lac	30c	2.16	13.9
Macassa	32c	3.55	9
Madsen R. Lake	†3c	.53	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	1.20	*11.7
McWatters	10c	.28½	..
Moneta	12c	.58	20.6
McIntyre Porc.	$2.05½+1▪	52.00	*5.8
MacLeod-Cockshutt	‡20c	2.50	..
Nipissing	15c	1.10	..
Noranda	$4	59.00	6.8
North Empire	‡40c	7.25	..
O'Brien Gold	‡10c	.90	..
Pamour Porc.	12c	1.30	9.2
Pato Cons.	20c	2.20	..
Paymaster	2c	.27	..
Perron Gold	16c+4c	1.75	*11.4
Pioneer, B.C.	40c	2.25	17.8
Pickle Crow	40c	2.95	13.5
Placer Develop.	$1.20	10.00	12
Premier	12c	.82	14.6
Preston E. Dome	20c	3.10	..
Privateer Mine	‡16c+2c	.58	..
Powell Rouyn	20c	1.06	..
Quebec Gold	‡2c	.20	..
Relief Arlington	†5c	.03	..
San Antonio	14c+6c	2.35	*8.5
Sheep Creek	16c+3c	.90	*21.1
Sherritt Gordon	10c	.82	..
Sigma Mines	‡45c	6.70	..
Silbak Premier	16c	.55	29
Siscoe	‡11½c	.50	..
Sturgeon River	†2c	.19	..
Sudbury Basin	2½c	1.30	..
Sullivan Cons.	‡9c	.61	..
Surf Inlet	†1½c	.09	..
Sylvanite Gold	20c+10c	2.68	*11.2
Teck-Hughes	40c+5c	3.15	*14.3
Toburn	8c+8c	1.35	*11.8
Upper Canada	‡6c	1.37	..
Ventures	15c	2.80	..
Waite Amulet	†10c	3.75	..
Wendigo	†3c	.28	..
Wright-Harg.	40c+30c	6.40	*10.9

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.
▪An extra dividend of $1.11 declared payable Jan. 2, 1941.

WANTED
United Corps.
"A" and Bonds
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Week in Wheat

Using Open Market For Domestic Sales

Farmers Get Slight Advantage on Grades Below No. 1 Northern — Prices Advance to Take Care of Storage

From Our Own Correspondent

WINNIPEG.—While a limited amount of trading has continued in the futures market, prices have remained at pegged levels. Buying has been mainly in connection with purchases of wheat for domestic milling. Offerings have been the result of a limited amount of farm selling on the open market of wheat lower than No. 1 Northern. Such grades command prices sufficiently above the Wheat Board basis to attract farmers.

Wheat Board prices have advanced by one half cent per bushel, in order to provide for the storage charges paid to farmers. They will continue to advance similarly during the season until by next July the basic price for No. 1 Northern will reach 76 cents per bushel instead of the 70 cent opening level.

Board to Hold Level

When the October future went off the board at the close of last month, trading in July wheat was authorized by the Winnipeg Grain Exchange. By arrangement with the Wheat Board the minimum price for that delivery month was pegged at 77½ cents per bushel, sufficiently higher than the basis for earlier months to take care of carrying charges. The assumption is that the Board, having concurred in pegging, will not offer its own holdings at less than that basis.

By maintenance of price pegs, and assuming that the Wheat Board continues to hold its own wheat for pegged prices or better, selling price of wheat can be held at levels gradually increasing month by month to correspond with carrying charges. As the level which the Board pays to farmers by way of initial payments continues to advance, farmers will be under no greater pressure than at present to sell wheat on the open market instead of delivering it to the Board at the initial payment basis, plus a participation certificate.

* * *

Next Year's Price

As the season advances, however, the question will arise as to the price basis to be in effect for the following year's crop. There will be also difficulties as to the price to be paid after July 31 by the Board for wheat which farmers were unable to deliver prior to that time. Under the Wheat Board Act, and regulations of the Wheat Board, if they remain unchanged, new crop wheat in 1941 will be receivable by the Wheat Board on the basis of 70 cents a bushel, basis No. 1 northern in store Fort William. But by July 31, next, there is bound to be a large quantity of old crop wheat still in the hands of farmers because there has been no room for it in elevators. On such wheat accumulated, farm storage charges will amount to six cents a bushel, so its value to farmers, on delivery to the Board, will be 76 cents a bushel. But new crop wheat will be worth, on delivery, only 70 cents a bushel.

Just how, at that time, distinction is to be made between old crop wheat and new crop wheat has not yet been determined. Probably the only satisfactory procedure will be for the Board to determine what quantity of wheat is still in the hands of farmers, and pay them at once the accumulated farm storage charges of six cents a bushel, so the statutory basis of 70 cents a bushel can be applied on all deliveries to the Board after that date.

* * *

Little Space Left

Remaining country elevator space in western Canada is rapidly being filled up, now that Alberta farmers have been enabled by a sufficient period of dry weather, to complete nearly all their threshing. The remaining free chinks in elevator space are being filled up by the transfer of certain quantities of wheat from overloaded country elevators to points where certain quantities of space are still open. A sufficient quantity of wheat is expected to be moved under orders of the Canadian Wheat Board, from Alberta country elevators to Vancouver to fill up a certain margin of space there. The railways continue to load only 25 cars a day in Alberta, mostly damp grain for shipment to terminals at the head of the lakes. Otherwise shipments to terminals there remain embargoed, as there is more than enough grain in transit in railway cars to take care of outward shipments from lake head terminals for the next few weeks. Not until lake vessels begin, at the close of navigation, to load grain for winter storage afloat, can there be any considerable relief of storage facilities in the West. The quantity which can be so stored is still indefinite.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 310

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after MONDAY, the SECOND day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1940.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY the SECOND day of DECEMBER next. The Chair to be taken at noon.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 18th October, 1940.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the eleventh day of December, 1940, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 24th October, 1940.

DIVIDENDS MEETINGS ETC.

LAKE OF THE WOODS MILLING CO. LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of 1¾% has been declared on the Preferred shares of the Company, payable on December 2nd, 1940, to shareholders of record at the close of business on November 15th, 1940.

By Order of the Board,
D. A. MacINNES,
Secretary.

NOTICE IS HEREBY GIVEN that a dividend of 50 cents per share has been declared on the outstanding shares of the Common Stock of the Company, payable on December 2nd, 1940, to shareholders of record at the close of business on November 15th, 1940.

By Order of the Board,
D. A. MacINNES,
Secretary.

MacLeod-Cockshutt Gold Mines, Limited

(No personal liability)

INTERIM DIVIDEND

NOTICE is hereby given that an interim dividend of ten cents per share has been declared by the Directors of MacLeod-Cockshutt Gold Mines, Limited (no personal liability), payable in Canadian Funds on Dec. 20th, 1940, to shareholders of record Nov. 30th, 1940.

The Canadian 5% Tax will be deducted from dividends paid to non-residents.

By order of the Board.
J. M. MACINTOSH, K.C.,
Secretary.

Toronto, Nov. 1st, 1940.

DIVIDEND NOTICE

Canadian General Electric Company, Limited

Notice is hereby given that a dividend of two dollars per share for the quarter ending December 31, 1940, has been declared on the Common Stock of the Company.

That the above dividend is payable on January 2, 1941, to shareholders of record at the close of business on December 14, 1940.

By Order of the Board.
W. H. NESBITT,
Secretary.

Toronto, November 1, 1940.

Flour Output Shows Drop

September Total Up From August But 15.8% Below Last Year

From Our Own Correspondent

MONTREAL.—Production of flour in Canadian mills during September was 291,253 bbls., or 15.8% below production for the same month last year, according to preliminary figures of the Dominion Bureau of Statistics. September production totalled 1,635,849, representing a seasonal increase of 344,398 bbls. over the August total of 1,291,451 bbls.

Exports of flour during the month totalled 550,754 bbls., an increase of 32.2% over the same month last year. The September total, however, was 25,002 bbls. less than August exports of 575,756 bbls. Following are comparatively figures of flour production in the past two years, as well as monthly exports.

Flour Production

	1940 Bbls.	1939 Bbls.
Dec.	......	1,599,966
Nov.	......	1,960,429
Oct.	......	2,089,562
Sept.	1,635,849	1,927,102
Aug.	1,291,451	1,382,152
July	1,222,975	1,105,502
June	1,170,238	1,187,875
May	1,283,000	1,191,778
April	1,344,293	1,113,603
March	1,257,034	1,193,717
Feb.	1,246,798	1,037,466
Jan.	1,266,303	1,097,822
Total	11,717,941	16,827,070

Flour Exports

	1940 Bbls.	1939 Bbls.
Dec.	......	902,714
Nov.	......	572,810
Oct.	......	444,144
Sept.	550,754	416,553
Aug.	575,756	379,276
July	313,864	403,377
June	509,308	401,189
May	722,595	515,778
April	519,870	275,275
March	715,579	360,752
Feb.	559,338	290,776
Jan.	725,316	379,538
Total	5,192,380	5,342,182

Lake of Woods Profits Better

September "Bulge" Puts Up Earnings; Dividend For Common Stock

From Our Own Correspondent

MONTREAL.—Volume of business handled by Lake of the Woods Milling Co. since opening of the new fiscal year, which began Sept. 1, has been better than expected. Announcement to this effect was made at the annual meeting of shareholders by Brig. Gen. F. S. Meighen, president, who went on to say September profits were "very good," and the management hoped that this condition would continue until the end of the year.

Shareholders were told inventory at the end of the fiscal year might be regarded as at its peak. They were also informed tax reserves were more than three times the company's regular preferred dividend requirements.

50-Cent Dividend

Directors declared a dividend of 50 cents a share on the common stock, payable to Dec. 2 to shareholders of record Nov. 15.

Previous payment on the common was a similar amount on June last, which was the first payment since Dec. 1, 1930.

At a special general meeting preceding the annual meeting, a bylaw was adopted reducing the number of directors from 12 to 10. The reduction provides for the resignation from the board of George W. Allen, K.C., Winnipeg.

Sees Trouble Looming In Farm-Held Wheat

Prompt and sane thinking is urged in the current grain letter of Jas. Richardson & Sons, in regard to farm-held wheat. Storage charges on this grain are accumulating at the rate of one forty-fifth of a cent per bushel per day. Prospects point to a considerable amount of this wheat still on farms by the end of the current crop year next July 31. The problem will be to segregate this grain from the new crop of 1941, which ostensibly will be valued by the Government at the same minimum price as prevailed at the beginning of the present crop year. States the Richardson letter:

"Unless the marketing situation improves markedly within the near future, the farmers of western Canada will probably be forced to carry on farms a substantial quantity of 1940 wheat right up to the time that the 1941 crop comes to market. Disturbing as this fact is, in itself, these farmer-held stocks may become a source of greater embarrassment, because of the payment of farm storage on wheat delivered to the Wheat Board. It may seem to be anticipating trouble to raise the point now, but we feel that the whole question of agricultural policy, of which this forms a part, deserves the immediate and careful attention of the Dominion Government, and of all others concerned, so as to avoid hasty and ill-considered decisions at the last moment.

"According to the announcement of a few weeks ago, the Wheat Board will pay storage to farmers at the rate of one forty-fifth of a cent per bushel per day beginning Oct. 8. The initial price for One Northern Wheat, in store Fort William-Port Arthur, will rise to 70½ cents on Nov. 1 and will continue at that price until Nov. 23, when there will be an increase to 71 cents. The initial price will go one increasing by half a cent per bushel every three weeks until July 31, when it will have reached 76 cents per bushel.

Price Basis Uncertain

"If all the wheat is delivered by farmers by July 31 next, no particular difficulty is likely to arise. All the 1940 crop will have been paid for and the Government will be free to carry out whatever policy it has decided upon for the 1941 crop. If, however, as seems more likely now, there remain in farmers' hands on July 31, because of an insufficiency of storage accommodation, 100 million bushels, or more, of wheat, the situation becomes full of complications.

"On July 31, 1941, wheat in farmers' hands will be worth, according to the schedule of Wheat Board prices, not less than 76 cents per bushel, based on One Northern at Fort William. What does that farmer-held wheat become worth on Aug. 1 or on any subsequent date? As the Canadian Wheat Board Act now stands, and if it is not amended, the price for the 1941 crop reverts to 70 cents. Surely farmers who were unable to deliver their wheat before July 31, due to lack of storage, will not have to accept the lower price, but will be entitled to at least the old crop price of 76 cents. This means some method of segregating and identifying the old crop wheat. The working of a quota system on the 1941 crop will be similarly complicated by the presence, in farmers' hands, of large quantities of 1940 wheat which, under the circumstances, would seem to deserve preferential treatment."

Commodities

Interest in the commodity markets has been relatively light, partly because of the United States elections. Commodity interest generally realized that the result of the election was not likely to have any actual effect on North American markets. But the general feeling of uncertainty helped to check interest.

In the long range view it is felt that the duration of the war and the United States armament programme continue to be the main market influences to be reckoned with.

Price changes for the most were small. Cotton was slightly higher owing to a better demand for textiles in the United States. Silk was slightly lower as the Oriental situation eased.

Hides rose half a cent a pound. South American markets have been firmer while Canadian stocks declined substantially in September from the previous month.

Cattle prices were higher on the Canadian markets owing to increased exports to the United States.

	Latest week	Previous week	Same week last yr.
Cattle	$8.40	$8.25	$7.25
Hogs	12.00	12.00	11.65
Copper, lb.	.12	.12	.13
Cotton, lb.	.0983	.0979	.0964
Rubber, lb.	.2050	.2038	.2040
Sugar, raw, lb.	.0288	.0285	.03
Silk, lb.	2.62	2.63½	3.42½
Wheat, Man. (bu.)	.70⅞	.70⅝	.69¼
Coffee, lb.	.05⅛	.05⅛	.05¼
Hides	.14½	.14	.14½
Weekly Indices			
Canada (D.B.S.)	83.5	83.3	79.0
Do., Wood, Gundy	66.7	66.8	65.2
U. S. Labor	78.4	78.4	79.2
Dow Jones (future)	55.14	55.10	55.69
Fishers'	83.3	83.3	80.4
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)*	106.4	105.9	100.8
W'sale (Sept.)	83.1	82.7	78.4
U. S. (Aug.)	77.4	77.7	75.0
Gt. Brit (June)	134.6	133.7	98.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39—100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

New Feed Mill For Maple Leaf

Peterborough Flour Mill Sold — Units Operated at Three Other Points

Maple Leaf Milling Co. completed construction of a new feed mill and warehouse at Montreal during the fiscal year ended July 31, last, D. C. MacLachlan, president, reported in the annual report. It has capacity of about 50 tons in eight hours.

The new unit is to serve the Quebec and Maritime territories and is now operating at capacity. Savings being realized in freight and handling charges are fully up to official expectations, the president continues.

Increased export during the year resulted in the full use, at times, of the company's giant Port Colborne flour mill for the first time in eight years. The flour mill at Peterborough, Ont., with daily capacity of about 800 barrels, was recently sold. It had not operated for many years. Also sold was land at Kenora, Ont., together with grain tanks and certain equipment not destroyed in the fire in 1938, when a 3,000 bbl. daily mill was lost. Book loss of $210,261 on the disposal of these assets appears as a charge against surplus account.

Remaining Capacity 16,500 bbls.

Sale of the Peterborough unit leaves the company with flour mills operating at three points, total capacity of which is 16,500 barrels daily, compared with 20,300 bbls. three years ago. Output of the two Port Colborne, Ont., units approximates 12,500; West Toronto, Ont., 2,400 and Medicine Hat, Alta., 1,600. An inactive plant at Thorold, Ont., has capacity of 400 barrels.

Two feed mills are owned. There is the new one at Montreal and a previously held unit at Port Colborne, with monthly output of 5,000 tons. A cotton and jute bag manufacturing plant also is operated at Port Colborne.

Company Reports

Toronto Elevators

Toronto Elevators, Ltd., reports net profit of $240,662 for year ended July 31, last, an increase of $101,750 from the previous year. Common dividend of $1 per share was paid during the year, compared with nil in the previous year. Provision for taxes of $123,533 was more than four times the figure for the previous year.

Due to the abnormally large crop of western grain, all elevators have been filled to capacity for the past several months, G. C. Leitch, president reports, and in addition the company has had a satisfactory turnover. Current repairs to plants have been charged to operations.

Bank loans and inventories show substantial reductions.

Cons. Income and Surplus Account
Years Ended July 31

	1940 $	1939 $
Net earnings	520,742	310,702
Less: Depreciation	133,219	118,652
Bond interest	23,328	25,274
Income taxes	123,533	27,864
Net profit	240,662	138,912
Less: Pref. dividends	77,530	78,405
Com. dividends	52,318	......
Surplus for year	110,814	60,507
Add: Prev. surplus	255,609	193,253
Prof. on pref. red.	1,369	1,849
Surplus forward	367,792	255,609
Earnings per Share:		
Preferred	$8.24	$4.68
Paid	2.62½	2.62½
Common	3.12	1.16
Paid	1.00	nil
Shares Outstanding:		
Preferred	29,211	29,690
Common	52,318	52,318
Working Capital		
Current assets	3,519,356	5,768,048
Current liabilities	2,589,831	4,982,099
Working capital	929,525	785,949
Balance Sheet Changes		
Cash	119,958	69,531
Contract sales	446,479	704,293
Inventories	2,760,590	4,812,848
Bank loans	2,215,000	3,925,000
Owing on grain purch.	155,624	944,493

Maple Leaf Milling

A 45% increase in net earnings of Maple Leaf Milling Co. is reported for the year ended July 31, last, compared with the previous 12 months. Bond interest was earned almost nine times, compared with slightly over four times for bond and bank interest in the 1938-39 period.

Net profit of $317,200 was about $77,000 lower than in 1938-39, due to substantial increases in provision for depreciation and taxes and creation of a new $150,000 reserve for inventories. Total of $375,000 was provided for taxes, compared with $100,000 in the previous year. Depreciation was increased by $100,000 to $250,000. Creation of the inventory reserve is explained by D. C. MacLachlan, president, as providing for protection against future decline in prices of certain commodities and manufactured products.

Other fixed charges are lower. Bond interest of $138,615 was down about $39,000. No bank interest was paid from current account, compared with $29,587 in the 1938-39 period.

Working capital, computed in accordance with terms of the trust deed dated May 9, 1939, totalled $1,665,473 at July 31, 1939, compared with $1,323,789 12 months previous. No sinking fund installments are due until the figure reaches $1,750,000.

Funded debt of $4.5 millions is down $115,500. This amount was purchased for the sinking fund.

Inventories of $3.3 millions are up over $1.6 million. Partially offsetting this is a jump in bank loans by almost $1.1 million to $2.1 millions.

Consol. Income and Surplus Account
Years Ended July 31

	1940 $	1939 $
Earns. from oper.	1,211,136	829,453
Inc. from invests.	19,699	21,276
Net earnings	1,230,835	850,729
Less: Depreciation	250,000	150,000
Bond interest	138,615	177,119
Bank interest	......	29,587
Inventory reserve	150,000	......
Income taxes	375,000	100,000
Net profit	317,220	394,023
Add: Prev. surplus	448,950	16,942
Rec. fr. coll. secs. of former officers	......	7,886
Res not required	......	55,099
Disct. purch. of bonds for sinking fund	29,461	......
Less: Leases, conts., w/o	......	25,000
Loss on disposal fixed assets	210,261	......
Surplus forward	585,370	448,950
Times All Interest Earned:		
Before depreciation	8.88	4.12
After depreciation	7.08	3.39
Earnings per Share:		
Class A	$3.45	$4.28
Common*	1.01	1.32

*Before participation. Taking into consideration participation earnings on the class A would be $1.43 in 1939-40, $1.66 in 1938-39; and on common, 73 cents in 1939-40, 96 cents in 1938-39.

	1940	1939
Working Capital		
Current assets	4,617,983	2,577,439
Current liabilities	3,420,877	1,696,548
	1,197,106	880,891
Balance Sheet Changes		
Accts. receivable	1,283,864	894,397
Inventories	3,292,148	1,642,134
Fixed assets	4,202,104	4,479,402
Bankers' advances (secured)	2,143,551	1,056,834
Accts. pay., grain	170,387	28,018
Funded debt	4,505,000	4,620,500

Canadian Bakeries

Canadian Bakeries Ltd. earned bond interest 1.99 times in the year ended Aug. 31, 1940, compared with 3.17 times in the previous 12 months. Volume of business was heavier, but this was more than offset by increased costs and expenses.

Accounts receivable and inventories are higher and cash lower. Accounts payable show an increase, and the net result is a $44,000 reduction in working capital to $295,882.

Income and Surplus Account
Years Ended Aug. 31

	1940 $	1939 $
Operating profit	164,598	212,916
Add: Other income	3,501	4,348
Deprec. over prov. 1938	213	......
Less: Other charges	4,142	7,162
Directors' fees	800	900
Exec. remun.	20,000	20,000
Legal fees	311	174
Net earnings	143,058	189,028
Less: Depreciation	74,979	73,125
Bond interest	34,255	36,556
Prov. for taxes	13,000	23,284
Net profit	20,824	56,064
Less: Dividends	27,390	......
Deficit for year	6,566	*56,064
Add: Prev. deficit	111,026	167,090
Less: Tsfd. by reorg.	167,090	......
Surplus forward	49,498	†111,026

*Surplus. †Deficit.

	1940	1939
Earnings per Share:		
1st preferred	$2.28	$6.14
Paid	3.00	nil
Working Capital		
Current assets	387,974	429,934
Current liabilities	92,092	90,070
Working capital	295,882	339,864
Balance Sheet Changes		
Cash	106,662	179,328
Accts. receivable	151,627	142,238
Inventories	103,521	82,007
Plant & equipment	1,392,489	1,320,257
Accts. payable	78,542	67,415
Funded debt	527,000	555,100

Jantzen Knitting

Sales of Jantzen Knitting Mills of Canada for year ended July 31, last, totalled $286,167, up almost $17,000 from the previous 12 months. Operating costs were higher but other expenses such as administration and selling were down. An inventory reserve was created and the net result showed improvement over the 1938-39 period.

The auditors, Riddell, Stead, Graham & Hutchison, note that no depreciation has been provided for $41,696 included in plant, machinery and fixtures — representing the amount by which the value of the plant, machinery and fixtures was appreciated by an appraisal made in 1927.

Profit and Loss Statement
Years Ended July 31

	1940 $	1939 $
Sales	286,167	269,637
Less: Cost of sales	210,696	198,812
Gross profit	75,472	70,825
Less: Warehse., ship., exp.	8,912	9,458
Admin., sell. exps.	63,324	70,538
Prov. for taxes	1,700	......
Inventory reserve	1,664	......
Net loss	129	9,171
Working Capital		
Current assets	91,855	92,536
Current liabilities	51,957	59,755
Working capital	39,898	32,781

G. Tamblyn Ltd.

Sales of G. Tamblyn Ltd. for the third quarter of 1940 were the highest for any quarter of the year to date and considerably above the corresponding quarter of 1939, but profits showed the first quarterly decrease of the year, due to tax adjustment. Additional income tax was charged which was applicable to the first half of the year, and for which full provision had not been made formerly. In spite of the larger taxes, however, profits for the nine-month period show an increase of more than 14% over the corresponding period of 1939.

Sales and Earnings

	1940 $	1939 $	Incr. %
Quarter Ended Sept. 30:			
Sales	919,301	810,930	13.4
Profits	14,682	17,378	*15.5
Nine Months Ended Sept. 30:			
Sales	2,722,723	2,560,838	6.3
Profits	69,670	69,979	14.3

*Decrease.

Provincial Paper Co. Working Capital Up

Provincial Paper Co., subsidiary of Abitibi Power & Paper Co., had increased its working capital to $3.1 millions at Sept. 30, from $2.8 millions at Dec. 31 last, according to balance sheets filed by G. T. Clarkson, receiver and manager of Abitibi, with the Abitibi Royal Commission.

Current assets at Sept. 30 totalled $3.8 millions and current liabilities $613,532. Among the individual items marketable bonds are shown at $299,175 now where none were shown at Dec. 31. Cash totals $950,512 compared with $1,050,508.

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Can. Colonial Reduces N.Y.-Niagara Falls Rate

From Our Own Correspondent

MONTREAL.—Canadian Colonial Airways Inc. has announced a reduction in fares of about 33% on its New York-Niagara Falls route.

Operation of this route has been the subject of a fight with the Civil Aeronautics Authority, in which the company has won the first round. American Airlines Inc. operates along the same route with permission of the federal authority, and maintains a rate approved by the Board.

Canadian Colonial Airways Ltd. operates on the route between New York and Montreal.

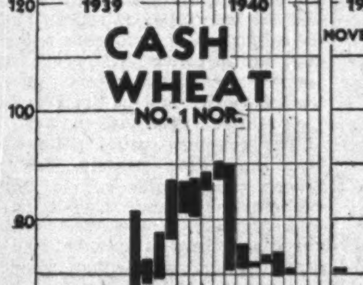
Civil Aircraft Activity Shows Moderate Rise

From Our Own Correspondent

MONTREAL.—Civil aircraft in Canada flew 3 million miles in the second quarter of the current year, according to official statistics just issued. This compares with 2.5 million miles in the first quarter of the year. This is the second quarterly report issued, and comparisons with last year's operations are not available.

A total of 37,856 passengers were carried in the second quarter, compared with 32,001 in the first three months of the year. There was more than 3.5 million lb. of freight carried, against 3.1 million lb. in the first quarter.

Wheat Prices



Cash Quotations

	For Week Nov. 5 High	For Week Nov. 5 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.70⅞	.70½	.70⅝	.70¼
1 Nor.	.70⅝	.70½	.70⅝	.70¼
2 Nor.	.69½	.69⅛	.69¾	.69⅛
3 Nor.	.67⅝	.67¼	.67⅜	.67
4 Nor.	.64⅜	.64¼	.64⅜	.64
5 Wheat	.62⅛	.61½	.61⅝	.60⅝
6 Wheat	.58⅝	.57½	.57⅝	.57¼
Feed	.54⅝	.53½	.53⅝	.53¼
Oats:				
2 C. W.	.33	.32⅛	.35⅛	.33⅛
3 C. W.	.30	.29⅝	.32⅛	.30
Barley:				
1 Feed	.42⅞	.41¼	.43	.40
2 Feed	.42⅝	.40¾	.42	.40⅛
Flax:				
1 C. W.	1.21¾	1.17⅝	1.19⅝	1.17¾
2 C. W.	1.17¾	1.13⅝	1.15⅝	1.13¾
Rye:				
2 C. W.	.44⅛	.43¼	.45⅝	.43¾

Winnipeg Grain Futures

Week to Nov. 5, 1940

Crop year from Aug. 1, 1940 High	Low		Open Oct. 30	High for week	Low for week	Close Nov. 5	Close year ago
		Wheat					
.73⅜	.70	Oct.	.70⅝	.70⅞	.70½	.70⅝	.....
.74⅝	.71⅜	Dec.	.71⅜	.71⅝	.71⅜	.71⅜	.69⅞
.77⅝	.75⅛	May	.75⅞	.75⅞	.75⅝	.75⅞	.74⅞
.77½	.77½	July	.....	.77½	.77½	.77½	.76⅛
		Oats					
.36¼	.27¾	Oct.	.33	.33⅞	.32⅝	.33¼	.....
.32⅛	.25⅜	Dec.	.30⅝	.31¼	.30¼	.30⅝	.31⅛
.31¼	.26⅝	May	.30¼	.30½	.29⅞	.30½	.32⅝
.29¾	.29½	July	.....	.29¾	.29½	.29¾	.32⅝
		Barley					
.48	.31½	Oct.	.44	.45½	.43½	.44⅝	.....
.42	.30½	Dec.	.40⅝	.42	.40	.41¼	.42¼
.41½	.33⅝	May	.40⅛	.41½	.39¾	.41⅛	.44⅝
.40⅝	.39⅞	July	.....	.40⅝	.39⅞	.40⅝	.....
		Flax					
1.34½	1.16½	Oct.	1.17¾	1.19	1.17½	1.18	.....
1.34⅛	1.15¼	Dec.	1.17¼	1.22⅝	1.16¾	1.22¼	1.59¾
1.39⅝	1.16	May	1.21½	1.26¼	1.20¾	1.26¼	1.60⅝
		Rye					
.46⅛	.40⅛	Oct.	.....	.44½	.43¼	.44	.....
.47⅛	.40¾	Dec.	.45	.45½	.43⅞	.44⅞	.35¾
.50¼	.44¼	May	.47⅞	.48⅝	.46¾	.47⅞	.38⅝

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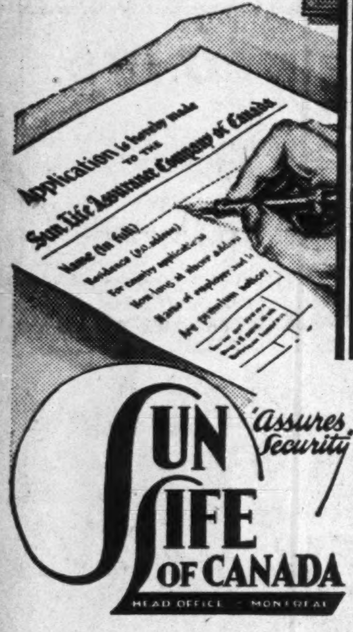


SUN LIFE assures security OF CANADA
HEAD OFFICE — MONTREAL

Life Insurance

Life Assurance Stake Abroad

Foreign Business of Canadian Companies About One Third of Total

Annual premium income of eight Canadian life insurance companies from foreign policyholders exclusive of North America amounts to approximately $130 millions or $12 per capita of Canada's population, K. G. McNab, agency superintendent, Manufacturers Life Insurance Co., told the Toronto branch of Queen's University Alumni Association.

Pointing out that 16 Canadian companies have almost $2.9 billions of insurance in force outside Canada, compared with $6.7 billions in force in Canada or almost one third of the whole, he said success of Canadian companies abroad is due "perhaps to our blending of British conservatism in financial management with a generous measure of American aggressiveness in salesmanship.

Canada's Record

"Another factor of importance is that Canada alone can boast that not one of her life insurance companies has ever failed to pay 100 cents on the dollar. Also, the fact that we are British Empire companies has given us prestige and advantage in many parts of the world."

Mr. McNab said that the majority of his own company's business is confined to Canadian and American dollars and to the Pound Sterling and its associate currencies. In many of the Empire countries, he added, his company is now obliged to work under the Exchange Control Boards, but they have endeavored to avoid placing unnecessary restrictions on operations.

"Generally, the Canadian companies invest millions more than the amount of their local liabilities in Canada and the United States with a resultant benefit of no mean dimensions to the Dominion. At the present time this benefit assumes even greater importance in the successful prosecution of the war."

Tracing the typical development of his own company's business abroad, Mr. McNab said representatives were first sent to the West Indies and Latin America in Sept., 1892. In 1897, branch offices were opened up in Japan, Shanghai, Hong Kong, Swatow, Penang, Singapore and India. The company's first Asiatic policy was written in Shanghai in Dec., 1897.

Policy Regulations

Today branch offices have the power to pay legitimate claims, grant loans and engage in other activities carried on by the home office in Canada. Policies are issued locally but these are for an interim period of five months and are subject to the final decision of the home office which, if adverse, is conveyed by cable.

"With the exception of a few aboriginal tribes," he said, "we have insured and have had on our staff the representatives of every race and creed in the world. I once sat down at a table in one branch with men of 13 different nationalities and in another branch we have men of 9 different nationalities, selling in 6 languages and writing policies in 7 different currencies."

Proof of Death

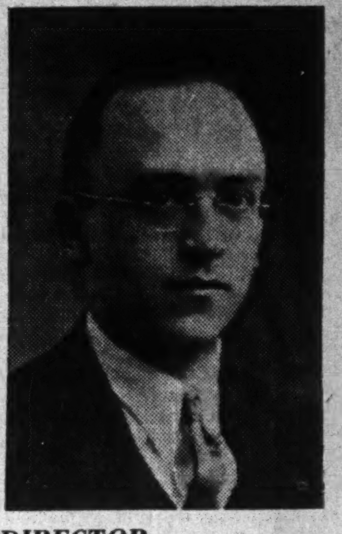
He referred to a rather amusing situation experienced in the Far East in the early days. "Our representatives had difficulty in convincing the board of directors that two dead Chinese could be distinguished one from the other. They were finally successful in convincing them that the Chinese death rites and ceremonies were so complicated that such a fraud would be difficult to perpetrate."

Discussing the internal set-up of the foreign branches, Mr. McNab said the company's European staffs are comprised of Europeans and natives but the office staffs, apart from the manager and secretary, are recruited locally and in the Far East are composed mainly of natives.

"The company issues policies in three languages, namely, English, French and Spanish and in China we insert a Chinese translation if desired. Only in the West Indies, Egypt and Java is a knowledge of any language other than English necessary for the manager or secretary, but in all offices we must have someone who can speak other languages. In Egypt, conversations are carried on daily in English, French, Italian, Arabic and Hebrew. We have to contend with many forms of legislation and taxation but in general they do not present too difficult a problem. One ruling strange to Canadians is enforced in Egypt, where life insurance premiums must be regarded as a debt and are collectible, not payable. This means that if a policyholder does not acknowledge in writing that his policy is lapsed, we have to send the bailiff after him.

"In most countries we do both European and native business, the percentages varying in different places. Native business is carefully selected and ordinarily is confined to professional and business men with a reasonably good standard of living.

"In normal times we issue policies in 20 different currencies and these policies specifically state that payments to and from the company shall be in the lawful currency of the country to which the desired currency belongs."



DIRECTOR

A. F. Muth, actuary of the Industrial Life Insurance Co. (of Quebec), has been appointed a director of the company, filling the vacancy created by the death of Lt.-Col. W. H. Leonard.

Life Insurance Notes

Insertion of the war clause in new Canadian life insurance policies issued after the outbreak of war had proved no hindrance to the writing of new business, stated John G. Parker, joint general manager of the Imperial Life Assurance Co. of Canada at the Life Insurance Sales Research Bureau meeting in Chicago. This condition he attributed to institutional advertising and literature explaining the terms of the war clauses. A substantial amount of insurance had been written on the lives of soldiers, he added. Cancellation difficulties resulting from too hasty writing of business at the beginning of the war were gradually disappearing, he continued, and the companies were enforcing stricter underwriting rules as to selection. The savings factor in life insurance was being stressed, he said.

* * *

Donald A. Rogers has been appointed manager of the life department of the Bishop Insurance Agency, the organization that handles Canada Life affairs in the Hawaiian Islands. Mr. Rogers has been superintendent of agencies for the Canada Life in Hawaii since 1938.

* * *

A campaign by the National Life Assurance Co. of Canada in October in honor of R. M. Huestis, supervisor of agencies, carried the company's life insurance sales to the highest monthly level since June, 1936. The total volume, it is stated, showed an increase of 20% over the same month of 1939. The business came from every part of Canada, with the British West Indies also showing a healthy gain.

* * *

The Victoria Hospital, London, Ont., recently received $25,000 from the London Life Insurance Co. to be used for war construction costs of the new wing.

* * *

H. W. Stibbard has been appointed secretary of the Windsor division of the Confederation Life Association. Mr. Stibbard was formerly in the Winnipeg office of the association.

Fire & Casualty Insurance

New Method of Classifying Trucks For Fire Insurance

Changes in the method of classifying and rating commercial automobiles for collision, fire and theft insurance are designed to bring the amount of insurance carried on any vehicle and the premium charged into closer relation to the actual cash value of the vehicle.

Formerly a truck, for instance, was classified according to the manufacturer's tonnage rating. But this was found unsatisfactory because manufacturers often, to please a customer wanting a truck of a certain tonnage, would take say a one-ton truck and by adding dual tire equipment and reinforced springs make it capable of carrying a heavier load.

It would still, however, be classified according to the manufacturer's rating which was often very wide. In some cases these ratings overlapped one another. Instances of this would occur where a manufacturer rated his truck say one to two ton and then one and a half to three tons. A two-ton truck in this case might qualify under either classification. The premium paid by the owner and the insurance carried might accordingly be quite out of line with the value at the time of purchase or the time a claim developed. Accordingly the tariff companies, it is understood, decided to drop the tonnage basis for rating. Instead they have adapted the cash purchase price to the applicant for insurance, that is, the owner, and the age of vehicle at time of purchase as the basis for classifying and rating.

Tables for premiums have been worked out on a combination of these two factors.

This way, it is felt, is much fairer to the owner of the truck because his premium is adjusted according to the actual cash value and age of the truck while the amount of insurance carried is determined by the actual cash value at the time a claim develops.

Cuts Unlikely In Theft Rate

Insurance Men Await Results of Toronto By-law on Losses

Enactment of a by-law by the city council of Toronto making it a misdemeanor for anyone to leave an automobile unlocked is thought ununlikely to cause any change in automobile theft insurance rates.

Insurance men say they cannot answer the question, however, until they have some data as to the effect of the by-law on automobile stealing. They state that the rate for theft insurance is now quite low and that there would have to be a very considerable improvement in the theft experience before any reduction would be likely.

Possibility that some insurers might take advantage of the by-law to evade payment of a theft claim when a car which had been left unlocked is stolen is considered very remote.

It is stated that while leaving a car with the door unlocked or the key in the ignition is now a misdemeanor under the city regulations, it would not vitiate an insurance contract. A person failing to take this precaution and having his car stolen would be in exactly the same position, it is stated, as a person who had an accident when travelling a few miles over the speed limit or who failed to signal before making a left hand turn. No reputable insurer would take advantage of the fact to evade liability.

Interpretation Necessary

If such a thing were at all likely, it is claimed some interpretation of the by-law as to what is meant by locking the car would be necessary. As it was passed, the section in the by-law dealing with this point is as follows:

> No person driving or in charge of a motor vehicle other than a commercial motor vehicle shall allow such motor vehicle to stand unattended unless it is locked in such a manner as to prevent its operation by any person not authorized by the owner, driver or person in charge.

What some people want to know is if there is any chance that this provision would affect their insurance, how is the driver of a private passenger car to be sure he is complying with the law? Does the word locked mean merely withdrawing the key from the ignition or does it mean the door of the car must also be locked?

Case of an Open Car

Then what is the man who drives an open car to do? He can't lock the door. It wouldn't do much good if he could.

Generally speaking opinion in informed circles is that pending a court decision the owner will be complying with the law if he removes the ignition key from an open car and in addition, in the case of a closed car, locks the door.

The by-law, it is understood, was inspired rather with the object of preventing juvenile crimes than cutting down actual car losses. A great many cars, it appears, have been stolen by boys who drive them a little distance and then abandon them without actually doing much harm. Morally the effect on the juvenile is bad. But the actual damage to motor cars caused this way in the aggregate is small.

However, insurance men say that the general effect on their business will be satisfactory if it makes automobile owners more careful about locking their cars.

Power Corp. Group Output Declines

From Our Own Correspondent

MONTREAL. — Power Corp. of Canada's subsidiary and affiliated companies report power output in September of 186.4 million kw.h. This contrasts with 204 million kwh. for the same month last year, a decrease of 8.6%.

Cumulated output for the three months ended September 30, 1940, amounted to 581.8 million kw.h. compared with 600 million kw.h. for the same period of 1939, a decrease of 3.1%.

September output by individual companies follows:

(Returns in Kilowatt Hours)

	1940	1939
S. C. Power	16,494,080	17,768,330
Can. Northern	58,871,453	61,398,680
East Kootenay	9,263,478	8,097,400
B. C. Power	51,976,317	49,615,642
Northern B. C.	1,196,636	1,067,968
Wpg. Electric	48,553,200	66,056,200

Insurance Problems

Personal Property Floater

An insurance agent has been trying to sell me a policy which he says will give me protection against fire, burglary and a great many other things. He says it is cheaper than carrying several policies. Do you know anything about such a contract?

You probably mean the Personal Property Floater. This contract does give protection covering all kinds of personal property such as furniture, drapes, pictures, clothing, bicycles and practically everything except real estate. It insures against fire, burglary, mysterious disappearance, smoke, damage, weather damage, broken windows, etc.

Normally the cost is considerably lower than would be that of a number of separate contracts giving protection against the various hazards separately.

Candn. Pacific Covered On Loss of Flagship

From Our Own Correspondent

MONTREAL.—Loss of the Canadian Pacific's flagship, "Empress of Britain," by enemy action will not involve the company in any material loss. The vessel cost the company $11 millions. Under the general scheme arranged when the Admiralty took over the Empress and other vessels at the outbreak of the war, arrangements were made providing full insurance in the event of loss.

In other ways loss of the flagship is a heavy blow to the Canadian Pacific. The Empress of Britain was an important figure in the company's world-wide transportation system. From the time it was commissioned in 1931, until the outbreak of war, the 42,348-ton vessel has provided a fast and luxurious service between Quebec and England. It also engaged extensively in the world cruise business and in an average year grossed over $1.5 million in cruise business alone.

Inland Underwriters Appoint Committee

At a special meeting of the Canadian Inland Transportation Underwriters Association in Toronto the name of the organization was changed to the Canadian Inland Underwriters Association.

Its activities will be Dominion-wide and will be under the supervision of a Dominion manager with head office at Toronto.

An executive committee was appointed as follows:

Chairman—Arthur Tucker, Dale & Company, Limited, Toronto.

Members — E. W. Schauffler, Western Assurance, Toronto; S. M. Elliott, Phoenix of Hartford, Montreal; H. C. Mills, Insurance Company of North America, Toronto; Edward S. Reed, Chubb & Son, Montreal; R. H. Leckey, Aetna Insurance, Toronto; P. A. Coderre, St. Paul Fire & Marine, Winnipeg; C. S. Malcolm, Royal Exchange, Montreal.

Sandwich East Makes Advance Payments

Sandwich East Township, Ont., has made advance payments to the Provincial Bank of Canada under terms of repayment outlined in the refinancing plan approved this year.

The bank has received $132,255, which represents an initial payment of $100,000; the first year's payment due Nov. 20, 1940, and a portion of the 1941 payment. The bank loan originally totalling $191,964 is to be repaid, according to terms of the refinancing, in annual amounts, the final payment being due Nov. 20, 1944. Balance of $61,869 remains outstanding.

The plan provides for the payment of interest at the rate of ¾ of 1% per annum on debenture debt of about $2.3 millions. The township is to provide $25,355 annually to serve debenture and other indebtedness—not including the $191,964 bank loan.

Penny New Chairman Life Research Bureau

Walter S. Penny, director of agencies of the Sun Life, has been appointed chairman of the board of the Life Insurance Sales Research Bureau. Mr. Penny began his insurance career in the actuarial department of the Sun Life at Montreal. Later he transferred to the agency department, becoming head of the company's agency organization in 1935.

"Gangway! J. K. just had another thought!"

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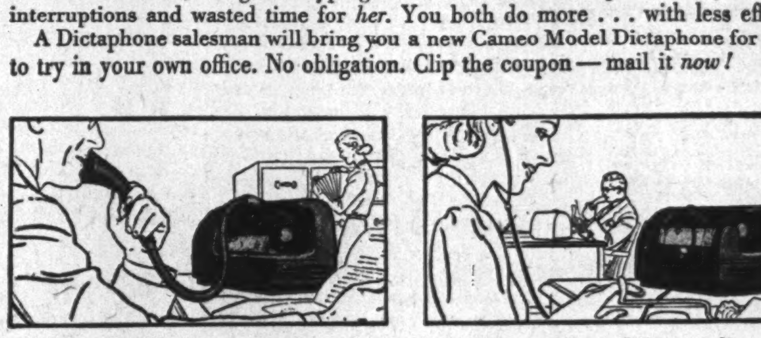

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Sorel Steel Industries Changes Its Name

MONTREAL.—Sorel Steel Industries Ltd. has taken out supplementary letters patent changing the name of the company to Sorel Industries Ltd.

The company has a large plant, located at Sorel, engaged in war work. In this connection tenders are being called by the company for construction of a staff house and 73 separate residential units. Cost of the project is estimated at about $300,000.

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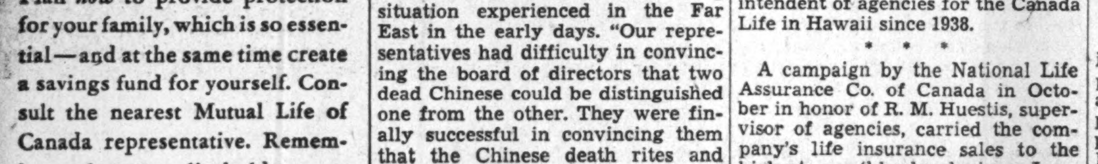

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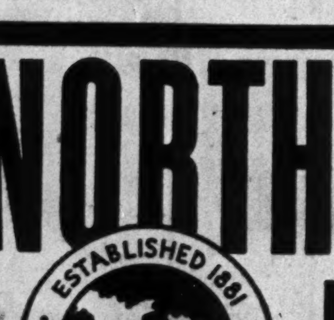

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ABSOLUTE SECURITY
W. R. HOUGHTON
Manager

Montreal Power Pays "Equalizing" Wage

From Our Own Correspondent

MONTREAL.—Effective Oct. 15, Montreal Light Heat and Power Cons. is granting to all permanent employees earning under $8,000 per year, a bonus of 5% on basic wages, to offset new taxation, direct and indirect. This order will remain in effect until further notice.

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Banking

Current Loans Rise During September

Increases Shown Over Both Preceding Month and Last Year — Higher Savings Deposits Reflect War Earnings of Public

Increased demand for bank credit is reflected in the current loans in Canada of the Canadian chartered banks, reported in their regular monthly statement to the Minister of Finance as at Sept. 30, 1940.

The total of $983 millions was $43 millions higher than at the end of the previous month and $91 millions above last year's level.

The increase for the month and the year is partly owing to acceleration in business requiring more credit for merchants and manufacturers' stocks, etc. Much of this acceleration is due to the war. Movement of the wheat crop is another important factor. This year, however, the restricted deliveries of wheat have prevented new wheat loans being made in normal volume. A substantial amount of loans is still outstanding on wheat left over from last year's crop and in the elevators.

Call Loans Lower

Call loans in Canada which have gradually been shrinking, due to the smaller volume of speculative activity, again declined in both monthly and yearly comparison. Loans to the provinces were up very slightly from the month before, but lower than a year ago, while municipal loans were down in both cases. Provincial and municipal authorities would appear to be reducing their expenditures and their borrowing accordingly.

Deposits Rise

An increase of $20.5 millions in savings deposits during the month no doubt reflected the increased earnings of the people. These deposits were still down $37 millions from last year, not having entirely made up the decline in February when savings depositors used their money freely to buy the new war loan. Demand deposits rose $126 millions over the previous month and $240 millions over last year. As deposits increased at a faster rate than loans, The Financial Post Credit Index which is the ratio of call and current loans in Canada to demand and saving deposits in Canada was slightly lower than at the end of August but unchanged from a year ago. Current loans outside Canada were down both for the month and for the year. Call loans abroad were higher for the month but lower for the year.

The cash position of the banks was strong at $319 millions up $28 millions from previous month and $39 millions from last year.

Use of Bank Credit in Canada
(In Millions of Dollars)

	September 1940 $	August 1940 $	Change $	September 1939 $	Change $
Loans	1,139.0	1,099.9	+39.1	1,070.7	+68.3
Investments	1,563.4	1,568.6	—5.2	1,501.8	+61.6
Total	2,702.4	2,668.5	+33.9	2,572.5	+129.9
Deposits	2,658.9	2,511.8	+147.1	2,455.7	+203.2
Credit index*	38.4%	38.9%	—0.5%	38.4%	......

* Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	September 1940 $	August 1940 $	Change $	September 1939 $	Change $
Immediately Available Liquid Assets					
Canadian coin	5,654,297	4,838,005	+816,292	4,373,417	+1,280,880
Bk. of Can. notes	81,793,929	70,569,756	+11,224,173	54,037,977	+27,755,952
Bk. of Can. depos.	231,339,038	215,539,672	+15,799,366	221,023,344	+10,315,694
Bank's cash	318,787,264	290,947,433	+27,839,831	279,434,738	+39,352,526
Other banks notes	4,877,515	3,413,410	+1,464,105	4,746,465	+131,050
Gld & sub. coin abd.	4,083,538	4,043,993	+39,545	5,684,311	—1,600,773
Foreign banks	177,087,050	168,785,897	+8,301,153	221,521,874	—44,434,824
Foreign curr.	30,009,585	29,291,221	+718,364	33,779,857	—3,770,272
Gov. sec. short term	707,634,477	701,389,223	+6,245,254	446,436,928	+261,197,549
Do., long term	600,914,681	604,045,296	—3,130,615	732,896,698	—131,982,017
Call loans abroad	50,908,928	38,431,669	+12,477,259	52,063,655	—1,154,727
	1,894,303,038	1,840,348,142	+53,954,896	1,776,564,526	+117,738,512
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	88,812,030	91,675,537	—2,863,507	100,965,176	—12,153,146
Public secs.♦	55,896,553	61,892,240	—5,995,687	90,333,886	—34,437,333
Other secs.	110,197,055	109,623,930	+573,125	131,229,012	—21,031,957
Can. call loans	37,183,091	37,582,763	—399,672	51,167,663	—13,984,572
Current loans	983,041,761	939,819,822	+43,221,939	891,421,126	+91,620,635
Loans abroad	127,869,111	130,531,554	—2,662,443	147,696,966	—19,827,855
Prov. loans	14,612,581	14,531,991	+80,590	15,530,132	—917,551
Mun. loans	104,209,058	107,962,549	—3,753,491	112,581,442	—8,372,384
	1,521,821,240	1,493,620,386	+28,200,854	1,540,925,403	—19,104,163
OTHER ASSETS					
Non-current loans	7,715,997	7,955,119	—239,122	9,067,655	—1,351,658
Real estate	7,432,342	7,512,736	—80,394	7,863,783	—431,441
Mortgages	3,805,069	3,918,822	—113,753	4,181,065	—375,996
Premises	71,679,086	71,432,740	+246,346	72,188,368	—509,282
Letters of credit	65,253,692	64,302,050	+951,642	54,604,359	+10,649,333
Loans to comp.	10,839,904	11,020,251	—180,347	11,283,776	—443,872
Other assets	2,174,057	2,323,968	—149,911	2,056,401	+117,656
	168,900,147	168,465,686	+434,461	161,245,407	+7,654,740
Total	3,585,024,425	3,502,434,214	+82,590,211	3,478,735,336	+106,289,089
Note circ. dep.	4,823,341	4,819,842	+3,499	5,058,635	—235,294
Int. bank bal.	138,625,525	102,963,226	+35,662,299	120,976,784	+17,648,741
Gross	3,728,473,291	3,610,217,282	+118,256,009	3,604,770,755	+123,702,536
LIABILITIES — To the Public					
Circulation	92,558,303	93,388,294	—829,991	100,184,603	—7,626,300
Dom. Govt.	76,149,043	113,915,291	—37,766,248	74,823,803	+1,325,240
Prov. Govt.	64,786,264	63,213,327	+1,572,937	52,424,404	+12,361,860
Deposits by Public					
Demand dep.	1,003,895,110	877,429,002	+126,466,108	763,496,393	+240,398,717
Savings dep.	1,654,968,286	1,634,403,137	+20,565,149	1,692,112,655	—37,144,369
Total	2,658,863,396	2,511,832,139	+147,031,257	2,455,609,048	+203,254,348
Foreign dep.	403,331,994	402,883,176	+448,818	490,094,254	—86,762,260
Due to Banks Abroad, Etc.					
United Kingdom	24,359,072	20,229,763	+4,129,309	15,480,849	+8,878,223
Foreign	25,609,361	24,885,931	+723,430	44,359,644	—18,750,283
Bills payable	158,819	196,715	—37,896	475,234	—316,415
Letters of credit	65,253,692	64,302,050	+951,642	54,604,359	+10,649,333
Other liabs.	4,218,599	4,239,427	—20,828	3,786,918	+431,681
Total pub. liabs.	3,415,288,543	3,299,086,113	+116,202,430	3,291,843,116	+123,445,427
Due bet. banks	10,475,030	9,367,396	+1,107,634	11,665,535	—1,190,505
Liability to Shareholders					
Dividends	1,501,321	2,233,294	—731,973	1,425,433	+75,888
Reserve	133,750,000	133,750,000	......	133,750,000	......
Capital	145,500,000	145,500,000	......	145,500,000	......
Gross	3,706,514,894	3,589,936,803	+116,578,091	3,584,184,084	+122,330,810

♦ Other than Canadian.

Bank Debits Up In September

Higher Than in August But Lower Than Year Ago

Bank debits in Canada in September at $2.5 billions were about 2½% higher than in August preceding, but 9% lower than in September last year.

Decline from 1939 appears to be due to two main factors:

The smaller amount of money being distributed in the West due to the smaller wheat deliveries.

The lighter volume of speculative activity on the stock exchanges and the Winnipeg grain market.

Apart from these two branches of activity, business generally is well above last year's level as indicated by The Financial Post Business Index for September which was approximately 20% above last year.

Debits at the two large stock exchange centres—Montreal and Toronto—were substantially lower than a year ago and also down from the previous month. Winnipeg debits were higher than in August but lower than last year. Vancouver was lower in both comparisons. Ottawa was higher compared with both August, 1940, and September, last year.

Figures for the 32 clearing house centres in Canada follow:

Debits to Individual Accounts
Millions of Dollars

	Sept. 1940 $	Aug. 1940 $	Sept. 1939 $
Maritimes			
Halifax	34.9	33.6	32.6
Moncton	10.6	12.6	9.6
Saint John	17.1	18.1	16.4
Total	62.6	64.3	58.6
Quebec			
Montreal	625.5	632.8	723.9
Quebec	82.8	83.5	91.5
Sherbrooke	7.8	7.8	6.9
Total	716.1	724.2	822.3
Ontario			
Brantford	10.5	10.6	9.9
Chatham	7.7	7.3	7.6
Fort William	7.0	8.2	5.9
Hamilton	64.5	72.3	54.7
Kingston	7.1	8.0	6.4
Kitchener	13.4	13.1	12.3
London	31.7	29.8	31.8
Ottawa	197.7	163.6	93.1
Peterborough	7.1	7.8	8.1
Sarnia	5.9	6.6	6.0
Sudbury	7.1	7.3	8.2
Toronto	688.9	731.8	840.6
Windsor	44.3	40.9	31.3
Total	1,093.2	1,107.4	1,114.2
Prairies			
Brandon	4.0	3.2	3.3
Calgary	66.7	59.5	63.2
Edmonton	49.0	43.4	41.7
Lethbridge	5.7	4.3	6.1
Medicine Hat	3.8	2.3	2.4
Moose Jaw	7.4	7.9	7.9
Prince Albert	2.9	2.8	2.6
Regina	67.8	37.6	83.6
Saskatoon	12.5	11.1	12.0
Winnipeg	310.9	211.4	446.2
Total	530.9	383.8	669.1
British Columbia			
New Westminster	8.4	7.9	7.3
Vancouver	128.5	135.6	129.5
Victoria	31.4	34.3	30.5
Total	168.3	177.9	167.3
Total for Canada	2,571.2	2,457.7	2,831.6

Weekly Statement Bank of Canada

Further decline of $1.6 million in note circulation is shown by the Bank of Canada in its report for the week ended Oct. 30. This reflects reduction in the demand for cash.

Deposits of the Dominion Government were about $22 millions higher. Deposits of the chartered banks were down $14 millions.

On the credit side, reserves of sterling and United States exchange were up almost $9 millions.

Balance Sheet

	Oct. 30 1940 $	Oct. 23 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	332,623,458	334,311,542
Rest fund	2,449,756	2,449,757
Depos.: Dominion	61,066,691	39,300,320
Bank	218,177,553	232,961,202
Other	8,143,169	7211024
Total deposits	287,387,413	279,472,546
All other liabs.	6,866,025	5,898,161
Total liabs.	634,326,652	627,132,006
Assets		
Reserve:		
In sterl. & U. S.	45,132,937	36,242,989
Subsidiary coin	593,963	503,210
Advances to banks	1,000,000	1,000,000
Investments:		
Dom. Gov. short	438,348,957	438,357,822
Other Dom. Gov.	141,178,971	141,500,807
Total invest.	579,527,928	579,858,629
Premises	1,728,154	1,734,813
All other assets	6,343,670	7,792,365
	634,326,652	627,132,006

Foreign Exchange

During the week Oct. 29 to Nov. 4 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Nov. 4

Australia	3.58	N. Zealand	3.61
India	.3369	S. Africa	4.47
Japan	.2605	Hong Kong	.2594

United States Fidelity & Guaranty Company
TORONTO

Nanaimo-Duncan Calls Sinking Fund Bonds

From Our Own Correspondent

MONTREAL. — Nanaimo-Duncan Utilities Ltd. has called $7,000 par value of its series A 5½% first mortgage bonds for redemption on Jan. 2 next. Payment will be made at 104 plus accrued interest. At the end of last June the company had outstanding $510,500 of the series A bonds, compared with original issue of $544,000 placed on the market in 1934.

Wartime Inflation Is Not Inevitable

American Audience is Told by Prominent Canadian Banker — Declares That No Real Inflationary Basis Exists in This War Period

From Our Own Correspondent

MONTREAL.—Canada's war effort has not been accompanied by inflation; nor is it inevitable that it will, George W. Spinney, general manager of the Bank of Montreal told the Bond Club of Philadelphia in an address on some financial aspects of Canada in wartime.

Growth in Canada's expenditure since the outbreak of war has been matched by growth in industry generally, so that no real basis for an inflationary situation exists, according to Mr. Spinney.

Whatever the future holds in this regard, there are many factors which helped to produce inflation in the war of 1914-18 which do not prevail now.

Price Rises Moderate

Prices rose in the early months of the present war, but have remained at about the same level since last January. This initial rise was moderate and can be explained by the discount of the Canadian dollar in relation to U.S. funds; the higher cost of ocean transport, and the fact that many prices were abnormally low in the pre-war period.

Mr. Spinney outlined for his U.S. audience developments in the 25 years that intervened between the two world wars. The huge increase in public debt; major expansion in the hydro-electric, newsprint and mining industries, and wheatfields.

Plays Larger Part

Canada can play a much larger part in the current conflict than in 1914-18, Mr. Spinney stated. Natural resources have been developed extensively and growth of the country's manufacturing industry enables it to turn out war supplies on a much larger scale. Value of these resources has been increased by Canada's geographical position.

While Canada's productive capacity is substantially increased the nation's financial position is in some respects more restricted than it was 25 years ago. National debt has been developed to a high peak. Taxation is a vastly heavier burden, elminating the elasticity that the structure offered in 1914. It is therefore important the wartime policy be well thought out and rigorously applied.

Wartime Finance Functions

The real function of Government finance in wartime, according to Mr. Spinney is:

1. To divide the national income between government and people so that as much as possible will be available to the Government for the purpose of fighting the war.

2. To distribute resulting sacrifices on part of the people as equitably as possible.

3. To ensure that in the attainment of these objectives, the national income shall be as large as possible, so that when the division is made each share will be as big as it can be.

Traces Finance Policy

Mr. Spinney traced the steps taken by the Government to finance the war: The initial period of credit expansion; subsequent borrowings an increases in taxation. He outlined the increased burden placed on the Government by the collapse of France.

Out of borrowing of $700 millions, only $200 millions was taken up by chartered banks. Holdings of these banks of Dominion and provincial bonds are only $130 millions higher than at Sept. 1 last year.

It is the aim of the authorities to tap the increased incomes of Canadians and divert as much as possible of the increase generated by war expenditure back to the Government. Economy and saving are being urged. Income taxes have been increased; "excess" profits taxes levied on business, and a 10% tax on all non-Empire imports, Mr. Spinney stated.

Operations of the Foreign Echange Control Board were explained by Mr. Spinney to his American listeners.

Weekly Bank Clearings

	Oct. 31 1940 $	Change Year Ago %	Oct. 24 1940 $
Halifax	2,745,275	—4.6	3,179,996
Saint John	1,703,124	—8.3	2,044,925
Moncton	909,827	+8.6	892,359
Sherbrooke	779,761	+20.8	1,026,254
Quebec	4,849,120	+0.2	5,388,738
Montreal	89,722,367	—12.6	90,899,271
Ottawa	52,055,630	+146.1	40,910,598
Kingston	579,677	—9.8	741,008
Peterborough	538,342	—23.6	638,179
Toronto	95,716,919	—34.2	106,768,677
Hamilton	6,216,837	—15.8	6,751,443
Kitchener	1,036,525	—30.8	1,179,021
Brantford	845,554	—0.8	889,578
London	2,217,227	—22.9	2,657,008
Chatham	538,362	—16.0	580,360
Windsor	3,057,338	+10.8	3,256,871
Sarnia	325,135	—25.4	494,938
Sudbury	1,195,528	+5.2	1,014,598
Fort William	875,289	—5.4	937,498
Winnipeg	40,697,653	—43.0	51,875,617
Brandon	408,106	—2.5	467,358
Regina	5,652,009	+16.9	6,655,298
Moose Jaw	662,166	—25.9	919,171
Saskatoon	1,793,726	—10.7	1,844,146
Prince Albert	408,119	—10.7	637,196
Edmonton	4,510,021	—7.9	4,821,894
Calgary	7,898,428	—0.04	8,168,888
Lethbridge	505,597	—32.4	614,553
Medicine Hat	326,934	—7.0	433,164
Vancouver	16,578,900	—20.8	18,345,866

Blue Ribbon Sales Still Climb

Bank Loan Cut — Shipping Becomes More Difficult

Sales of Blue Ribbon Corp. for the three months ended Sept. 30 — the first quarter of the current fiscal year ending June 30, next—showed an increase over the same period of 1939, according to J. M. deC. O'Grady, president. This was particularly true in the case of the company's trade-marked lines. July and August are always the quietest months of the year for the company, and this year proved no exception.

The increase has continued into the early weeks of the second quarter, and Mr. O'Grady is looking forward to a satisfactory volume of business during the three months October-December.

To guard against any import difficulties the company is carrying substantial inventories of merchandise. A number of commodities used by the company come from distant parts of the world. The bank loan, Mr. O'Grady adds, is considerably reduced from the high figure of nearly $1.4 million shown at June 30, last. The reduction is in accordance with the president's prediction at the time of the annual report being issued, when he anticipated a big portion of the loans would be retired within the first six months of the current fiscal year.

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LUMBERMENS MUTUAL Casualty Company
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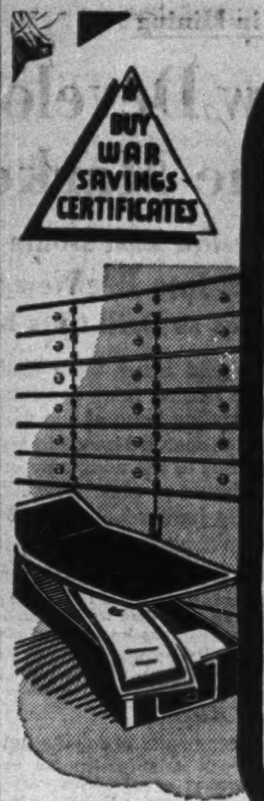
FIRE CASUALTY AUTOMOBILE MARINE AVIATION



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INCORPORATED 1884—SAME YEAR AS PEARL. POLICIES GUARANTEED BY THE PEARL.

Position of Chartered Banks of Canada as of September 30th, 1940, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation $	Deposits by and Bal. Due to Dominion Government $	Deposits by and Bal. Due to Provincial Governments $	Advances from Bank of Canada $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere* $	Bal. due to other Banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $	Bills Payable $	Letters of Credit outstanding $	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up $	Total Liabilities $
Montreal	20,883,410	35,372,684	11,648,239	....	266,435,589	434,520,034	90,095,655	2,672,037	10,856,869	7,617,655	38,209	10,606,732	3,585,738	70,923	39,000,000	36,000,000	969,473,779
Nova Scotia	8,733,296	4,179,901	1,671,075	....	65,519,281	154,953,735	41,739,185	2,006,733	1,250,893	954,482	....	7,293,037	30,977	362,353	24,000,000	12,000,000	324,704,954
Toronto	3,990,404	2,170,449	1,414,998	....	54,443,924	90,430,296	411,589	650,221	1,163,047	401,703	....	1,418,561	....	9,624	9,000,000	6,000,000	171,504,820
Provinciale	2,763,138	1,086,716	323,859	....	8,949,935	36,713,145	12,507	1,490	....	21,299	....	6,780	5,473	5,659	1,000,000	4,000,000	54,890,006
Commerce	17,473,757	9,178,010	18,217,040	....	193,409,637	321,627,272	60,207,478	737,939	2,513,430	6,088,171	120,610	19,392,431	....	623,175	20,000,000	30,000,000	699,468,346
Royal	24,047,024	9,279,685	16,022,338	....	284,752,465	340,096,585	201,482,118	213,504	3,756,457	7,884,772	....	18,193,227	44,125	67,741	20,000,000	35,000,000	960,960,657
Dominion	4,600,464	1,552,942	1,291,978	....	41,808,293	76,900,592	4,913,311	776,371	708,372	769,000	....	5,135,438	492,497	176,807	7,000,000	7,000,000	153,186,070
Nationale	4,851,490	3,180,594	2,192,513	....	32,764,169	96,975,052	496,061	1,964,936	32,231	345,727	....	787,248	55,736	8,014	5,000,000	7,000,000	155,653,777
Imperial	4,793,235	6,382,207	11,962,720	....	51,159,622	96,369,621	252,308	1,417,891	867,355	525,217	....	2,007,470	....	177,025	8,000,000	7,000,000	190,914,677
Barclay's (Canada)	452,085	3,765,855	41,504	....	4,592,195	6,271,954	3,721,782	33,908	3,210,418	1,001,335	....	412,768	4,000	....	750,000	1,500,000	25,757,808
Total	92,558,303	76,149,043	64,786,264	....	‡1,003,895,110	1,654,968,286	403,331,994	10,475,030	24,359,072	25,609,361	158,819	65,253,692	4,218,546	1,501,321	133,750,000	145,500,000	3,706,514,894

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorized $	Capital Subscribed $	Last Dividend %	*Loans to Directors and firms of which they are Partners $	Average Notes and Deposits with Bank of Can. $	Greatest Amount of Notes in Circ. $
Montreal	50,000,000	36,000,000	8	442,652	84,608,092	21,494,770
Nova Scotia	15,000,000	12,000,000	12	2,797,526	24,127,000	9,171,256
Toronto	10,000,000	6,000,000	10	458,830	16,123,873	4,012,824
Provinciale	5,000,000	4,000,000	6	243,367	6,974,647	2,895,378
Commerce	50,000,000	30,000,000	8	1,438,069	59,454,061	17,602,159
Royal	50,000,000	35,000,000	8	1,778,883	72,931,984	24,047,024
Dominion	10,000,000	7,000,000	10	536,583	11,272,763	4,600,464
Nationale	10,000,000	7,000,000	8	313,817	15,105,409	4,918,985
Imperial	10,000,000	7,000,000	10	592,428	11,798,744	4,814,570
Barclay's (Canada)	1,500,000	1,500,000	....	2,875	1,857,967	452,085
Total	211,500,000	145,500,000	....	8,600,070	304,252,540	94,096,525

‡Of this amount $49,683,023 represents deposits in Canada in currencies other than Canadian. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada $	Gold and Subsidiary Coin Held Elsewhere $	Notes of Bank of Canada $	Deposits with Bank of Canada $	Notes of Other Banks $	Govt. and Bank Notes other than Canadian $	Cheques on other banks $	Balances due by other banks in Canada $	Due by banks in U.K. $	Due by banks elsewhere $	Govt. sec. short term $	Govt. sec. long term $	Canadian municipal securities $	Public sec. other than Can. $
Montreal*	1,310,192	75,016	22,394,972	68,215,791	1,203,936	549,896	32,590,756	70	3,666,436	52,753,070	233,794,301	175,092,094	20,228,638	16,443,811
Nova Scotia	390,783	1,174,258	5,839,249	16,903,785	343,635	5,490,100	10,989,706	74	7,391,014	12,481,647	50,992,440	57,526,231	10,865,914	423,543
Toronto	277,925	....	4,311,939	11,090,320	184,930	113,507	7,966,236	....	246,618	2,934,463	27,595,739	50,147,231	5,067,053	....
Provinciale	234,923	....	1,962,980	5,501,467	178,980	53,618	2,035,268	1,945	42,626	845,891	1,411,837	6,317,620	12,355,131	....
Commerce†	933,450	148,759	13,160,494	52,932,647	647,336	1,480,548	21,181,409	595,256	4,243,617	20,231,288	100,904,137	113,516,398	8,821,196	27,746,381
Royal‡	1,290,357	2,685,103	19,440,892	50,218,057	1,078,308	21,957,813	35,671,566	4,726	14,560,728	39,651,681	211,098,229	119,832,431	7,220,338	11,276,145
Dominion	314,145	402	3,239,938	8,601,453	503,715	151,534	10,105,770	2	1,962,390	3,110,451	20,911,720	15,336,681	2,507,486	....
Nationale‡	510,114	....	5,387,650	10,110,676	365,090	102,070	5,190,137	1,205,919	60,730	2,430,304	9,754,066	25,422,248	16,212,257	6,673
Imperial	390,297	....	5,974,927	5,946,402	367,280	105,978	8,098,176	644,072	60,326	4,332,659	45,542,622	31,306,710	3,533,017	....
Barclay's (Can.)	2,111	....	80,888	1,818,440	4,330	4,521	650,560	1,694,868	1,983,620	4,097,741	5,639,586	6,415,928	1,000	....
Total	5,654,297	4,083,538	81,793,929	231,339,038	4,877,515	30,009,585	134,478,593	4,146,932	34,217,106	142,869,945	707,634,477	600,914,681	88,812,030	55,896,553

NAME OF BANK	Other bonds and stocks $	Call and short loans in Canada $	Call and short loans elsewhere $	Current loans in Canada $	Current loans elsewhere $	Loans to provincial governments $	Loans to municipalities $	Non-Current loans $	Real estate other than Bank premises $	Mortgages on real estate $	Bank Premises $	Deposit for note circulation $	Other assets $	Total assets• $
Montreal*	25,768,435	2,987,132	28,651,567	207,809,430	14,312,342	1,451,284	35,678,125	1,343,796	507,124	480,172	13,900,000	1,075,382	1,891,274	974,290,747
Nova Scotia	12,799,473	2,921,922	427,785	93,439,365	14,000,555	1,089,314	4,043,418	444,137	....	84,349	6,020,881	445,825	2,703,615	326,536,064
Toronto	3,806,063	1,093,815	....	48,652,023	....	....	5,671,540	102,085	....	14,373	3,372,812	184,845	....	174,252,408
Provinciale	1,712,437	3,259,407	....	13,300,325	....	3,579	2,729,639	90,853	523,850	307,797	2,075,550	140,973	145,049	55,334,151
Commerce†	22,561,155	8,010,110	8,274,991	209,708,106	17,831,082	9,786,665	17,264,924	2,375,773	2,479,319	1,176,156	14,567,848	847,000	4,166,808	704,987,230
Royal‡	36,388,290	9,289,014	12,052,337	224,445,316	80,543,294	1,559,355	20,256,997	2,697,428	2,126,545	793,690	14,700,756	1,340,000	3,684,277	960,056,909
Dominion	2,093,435	2,234,093	1,502,348	67,596,325	1,181,836	....	1,349,895	213,236	31,343	50,312	5,397,776	260,083	202,333	154,194,624
Nationale‡	5,008,908	3,910,696	....	51,071,129	....	71,363	11,098,708	218,340	1,537,960	572,742	5,105,828	251,767	277,133	156,760,874
Imperial	58,839	3,248,777	....	64,960,594	....	651,041	6,115,817	232,484	136,195	324,979	3,887,635	236,393	122,037	192,395,706
Barclay's (Can.)	....	228,125	....	2,253,148	....	....	....	7,365	....	....	450,000	20,709	10,325	25,774,549
Total	110,197,055	37,183,091	50,908,928	983,041,761	127,869,111	14,612,581	104,209,058	7,715,997	7,432,342	3,805,069	71,679,086	4,823,341	12,012,841	3,728,473,291

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The assets and liabilities of the Royal Bank of Canada (France) are not included in the above return.—Footnote to Royal Bank return.

‡The assets and liabilities of the Banque Canadienne Nationale (France) are not included in above return.—Footnote to Banque Canadienne Nationale return.

•Total assets include $65,253,692 letters of credit as shown in liabilities.

Week in Mining

New Developments Pace Mine Market Revival

Preston East Dome Soars as Drill Once More Cuts Into Big New Ore Body — Chesterville Rises as Drill Cuts Kerr Ore Body

Junior gold issues were again active and higher this week as impressive mining news continued to filter from the north country. The outstanding issue of the week proved to be Preston East Dome Mines which changed hands in great volume following intersection for a second time of the wide new ore body located two weeks ago.

Other issues to make new highs in early trading this week were Chesterville Larder Lake and Broulan Porcupine. San Antonio also equalled an old high made early in the year. Chesterville has encountered what is believed to be the extension of Kerr-Addison's No. 19 ore body and this may have been the cause of the rise. Broulan shares may have been higher due to strength in Bonetal in which it is interested. San Antonio shares have been strong for some time with an increase in mill capacity expected.

Forging Ahead

Holding companies are doing better. Last week Anglo-Huronian resumed payment of dividends after several years when earnings were almost negligible. Now dividend income from the company's holdings has increased to such an extent it is believed that regular dividends can be anticipated.

Previous dividends were chiefly paid out of speculative profits and the present dividend income represents a steadier source of funds.

Next month Ventures Ltd. will make a distribution of 10 cents a share to shareholders, double the amount paid out earlier this year when dividends were still being received from Falconbridge Nickel holdings. Heavy capital expenditures in connection with new properties under development by the Ventures are about over and apparently officials plan to pay out a greater proportion of earnings in dividends.

* * *

Economists on Gold

Fifty-four members of the United States Economists' National Committee on Monetary Policy have issued a brief giving reasons why Germany cannot destroy the value of the United States holdings of gold.

Highlights of the Committee's findings are as follows:

"If we have a gold problem its crux is to be found in the wise use of our gold rather than in any foreign threats to destroy its value. . . . Just as the unusual situation with respect to gold has arisen in a large degree out of the abnormalities created by European war, so may we expect the termination of the war and a return to peaceful pursuits to provide a large degree of desired correctives . . . The fact that some countries find it possible to conduct their international trade without gold does not mean that they prefer to do so any more than people reading by candlelight do so because they prefer candles to electricity."

So much for the professors' viewpoint.

* * *

Money For Mines

Finding a mine—a profitable mine—is a difficult task in the best of times. One organization, Haras Corporation, has had its engineers investigating properties for over a year without discovering a single new property of major mine-making proportions. This has occurred following a period of Haras mine-making success that has resulted in a great number of new mining prospects being placed before officials.

Haras Corp. recently celebrated its third producer in two years with Senator-Rouyn shipping ore to the Arntfield mill. Previously the company financed Broulan Porcupine and Chesterville Larder Lake, both of which are now paying dividends. Now the corporation would like another property to finance. This is one case at least where there is money readily available for financing new mines.

Que. Gold Output Shows Increase

Total For Nine Months Suggests Record Production For Year

Gold production of Quebec mines in September showed a considerable increase, being at the highest point since Dec., 1938. Value of output, of course, has been much greater in 1940 due to the $38.50 price now being received for gold.

From all present indications value of output in 1940 will break all previous records. Value of output for the first nine months of this year has amounted to $28,963,358 or more than $3 millions greater than the record-breaking total of $25,471,488 for the same period of 1939. Production was 752,295 ounces in 1940 compared with 720,285 ounces for 1939.

Ounce Total Higher

For Sept., 1940, gold output totalled 89,089 ounces which compared with 85,367 ounces for the preceding month and 79,398 ounces for Sept., 1939. Production of silver at 119,728 ounces also showed an increase over the previous periods.

Noranda continues to be the foremost producer of gold in the Province of Quebec, producing almost 25% of the total for the first nine months of the year with output of $6,991,638. Lamaque Gold Mines was in second place followed by East Malartic and Beattie in third and fourth place, respectively.

Details of production of gold from Quebec mines in the first nine months of 1940 are as follows:

Mine:	Tons milled	Gold recov. oz.	Total value $
Aldermac	269,873	1,442	55,517
Amm Gold	33,522	4,114	158,389
Arntfield	81,441	6,813	262,300
Beattie	471,320	53,085	2,043,772
Belleterre	58,717	16,360	629,860
Can. Malartic	203,565	21,998	846,923
Cen. Cadillac	43,051	6,737	259,375
Cournor	71,644	12,206	469,931
East Malartic	408,986	69,903	2,691,265
Francoeur	46,125	8,643	332,755
Lamaque	333,443	93,607	3,603,870
Lapa Cadillac	73,095	7,342	282,667
McWatters	30,531	8,202	315,777
Malartic G. F.	117,781	26,896	1,035,496
Mooshla	2,291	2,157	83,045
Noranda	1,852,113	181,601	6,991,638
Normetal	113,416	2,120	81,620
O'Brien	51,020	21,571	830,484
Pandora	13,942	1,834	70,609
Perron	103,970	37,454	1,441,979
Powell Rouyn	151,624	16,902	650,727
Sigma	210,607	45,575	1,754,638
Siscoe	174,317	34,389	1,323,976
Sladen	173,193	16,699	642,912
Stadacona	108,234	12,929	497,766
Sullivan	92,969	22,547	868,060
Waite-Amulet	265,182	8,424	324,324
Wood Cadillac	54,867	9,914	381,689
Other mines.	......	731	31,994
Totals	......	752,295	28,963,358

Sees Wartime Advantages In Using Our Own Coal

Speeding up of Canada's war effort, increasing importance of our resources of foreign exchange, and fuller utilization of our own productive facilities, are three really important reasons why Canadians should use our own coal for industrial and domestic purposes, writes C. P. Burgess, managing secretary of the Western Canada Fuel Association, to The Financial Post.

Mr. Burgess, an authority on many phases of the Canadian coal industry, states that domestic mines of Alberta are producing only a tithe of their potential capacity and that output could be stepped up to meet needs of Ontario consumers.

Benefits of an increased use of Alberta's mines are summarized by Mr. Burgess in his letter as follows:

"Such an eventuality (using Alberta's coal) would mean production of new wealth from Canadian ground, full time employment for mining labor, substantially increased employment for railway labor and gross revenues to the railway companies of vast sums of money based on an $8 freight rate. The latter is subject to a subvention of $2.50 a ton.

"Proponents of a national coal policy take the view that subventions do not represent an irrevocable cost but rather that they are an investment made by the Canadian people to the end that the nation's natural resources are recovered and utilized and that through their sale and transportation, employment all down the line is enhanced, railways earnings are up and new wealth thus circulated will return in large measure by way of taxes in all their forms: sales, income, national defense, etc., for the Dominion, while the provinces and municipalities receive tribute where they are now paying out for social services and other disbursements.

"The utilization of Canadian coals by Canadians is definitely a major part of Canada's war effort. Once the public realizes this outstanding fact and demands that effect be given to a national coal policy, millions of new dollars will be released for circulation and hence tremendously increase the nation's purchasing power. Vast sums now flowing across to the United States for coal can then be diverted to defraying war costs that threaten the income of Dominion and provincial treasuries alike.

Mr. Burgess points out that instead of buying less coal from the United States since war broke out we are actually purchasing more. In this connection he quotes Norman F. Patton, director of the Anthracite Institute Bureau of Information, New York:

"Our exports to Canada reached a nine and one half year peak during the year ended July 31, 1940, and with one exception, the July trade was the largest in any single month since June, 1927. That means that Canada has not only been and is one of our most valued markets, but that it is one of the very few in which we have made notable gains this year over last. Still more to the point is that while Canada imported some 2,758,000 tons of our product during the past year, over 88% was in domestic sizes, on which industry must rely for whatever profit it makes . . . And in this connection, Toronto is the largest single market which we have, partly due to its size, and partly due to its relative remote location with respect to supplies of overseas competitive anthracites with their attendant incidental transshipment costs.

"In brief, our Canadian trade affords some $11.5 millions in annual wages to our mine workers; about $5.5 millions to American railroads, of which a large part is paid out in wages in the Wyoming Valley and other centres, and around $16 millions in gross revenues to our producing companies, which, as you know, are scattered about Wilkes-Barre and neighboring communities in the producing region."

Chesterville Cuts Rich North Ore

A rich ore intersection is understood to have been cut by Chesterville Larder Lake Gold Mining Co. in a drill hole put out ahead of the crosscut to the north at the fourth level to develop the extension of No. 19 ore body of Kerr-Addison Gold Mines.

Average value for 29 ft. of core in the hole is $10.24 a ton. This represents a much greater width than secured in any other drill hole put through the No. 19 ore body from the Chesterville workings. If a large tonnage of better grade ore is opened up in this section, it may well result in higher mill heads, it is stated. A drill hole completed 200 ft. to the east some time ago ran $15.78 over 5 ft., but it is not known yet if this is also the No. 19 ore body.

San Antonio Gold Earnings Rise

Working Capital Position is Maintained—Output Shows Increase

A considerable increase in operating profits is shown by interim earnings statement of San Antonio Gold Mines, issued this week. In the period from Jan. 1 to Oct. 6, 1940, operating profits totalled $603,040 before income tax and depreciation but after costs of shaft sinking.

On the same basis, operating profit a year ago was only $509,813.

Cash Assets Maintained

Liquid position of the company as at Oct. 6, 1940, showed total current assets of $911,872 including $468,521 cash, $151,194 Dominion bonds and $71,287 bullion. Current liabilities made up of accounts and payroll payable amounted to $67,438, leaving working capital of $844,433. This compared with working capital of $842,255 as at March 24, 1940.

Gold production up to Oct. 6 totalled $1,068,394 as compared with $936,326 in the similar period of 1939.

Northland Starts Development Work

Numalak Mines Heads Financing Group — Adjoins Upper Canada

Surface exploration has been started on the property of Northland Mines (1940) Ltd., as a preliminary to a programme of diamond drilling to be undertaken in about six weeks time, The Financial Post is informed.

The Northland property of 772 acres adjoins Upper Canada Mines to the north and officials state geological conditions on part of the Northland property resemble those at Upper Canada. Surface work being carried out includes a geological study with particular attention paid to the eastern section; a close examination of the contact area, and resampling of trenches and a prospect shaft in the southeast area.

Work in 1925

Work carried out by the old Northland company in 1925 is stated to have given interesting results but work was closed down due to a lack of funds.

Financing of Northland Mines (1940) has been undertaken by a Toronto group headed by Numalake Mines. A sum of $10,000 has already been supplied by the group and further funds will be provided on an option basis. Authorized capital of Northland Mines (1940) is 3.5 million shares of which 800,000 shares were issued for properties and are held in escrow. A total of 200,009 free shares were issued prior to the present agreement which calls for 200,000 shares to be issued immediately.

Oil Incomes No. 2 Well Gives Big Test Flow

As Alberta Oil Incomes No. 2 well prepared to go on official Conservation Board test the early part of this week, field observers saw prospect that this well, the most northerly in Turner Valley, will receive one of the largest allowables in the field. Short flow tests on last week gave a flow of 865 bbls. in eight hours the first day and 1,412 bbls. in 12 hours the second day.

Gas pressure and gas oil-ratio at the well were reported to be favorable and the well was expected to receive a quota somewhere around the Home No. 3's allowable output of 900 bbls. The Oil Incomes No. 2 well is in a location which is not being drained by other wells. Successful completion of the well, financed by C. C. Cross & Co., is stated to provide sites for the drilling of 16 more wells.

Coniaurum's Profits Slightly Higher

Slightly higher operating profits were realized by Coniaurum Mines in the September quarter with the $169,026 realized, before depreciation, approximately $8,000 higher than recovery for the preceding three months.

A greater increase was shown over the same quarter of the previous year, however, operating profits in that period being only $149,803. Higher production value was chiefly responsible for the increase.

DAVIES DIVIDEND

A distribution of one cent a share has been declared by Davies Petroleums under the trust deed covering production from the company's No. 1 well. The distribution is payable Nov. 25, 1940 to shareholders of record Nov. 15; ex-dividend date is Nov. 14. A similar payment was made May 1, 1940.

Week in Oils

Production Raised

From Our Own Correspondent

CALGARY.—Six newly completed wells in the Turner Valley field, all of them ranging from good to much-better-than-average producers, are expected to add between 2,500 and 3,000 bbls. per day to the field "potential." This would swell November oil production well beyond the allotment of 762,000 bbls. assigned the oil field in the schedule for November, recently issued by the Conservation Board.

The new wells will make up for the gradual curtailment of oil output since July because of the natural decline of yield in older wells, the reducing of output of some wells in the interests of more efficient production, and the completion of very few new wells during the summer and early fall. Turner Valley oil well yield, 824,091 bbls. in July when the field was opened up after a long period of restricted production, dropped to 815,460 bbls. in August, 787,083 bbls. in September and to around 770,000 bbls. in October. Allotment for November was set at 762,000 bbls. in the recent Board schedule, but will be revised upward to include the half dozen new producers, as these wells complete acidizing and testing, and their efficient maximum production rates are determined.

The six new wells swell immediate production. Production for December is expected to receive an additional boost, for another five wells are now drilling in the Madison limestone objective, within two weeks of completion.

* * *

New Well Results

Turner Valley's latest completions include an important test, Alberta Oil Incomes No. 2, located three quarters of a mile northwest of the former most northerly producer in the field; Calmont Northwest No. 2; Okalta Oils No. 9; Twin Valley Oil Co. No. 1, and Arrow Royalties No. 2 on the large relatively undeveloped central west flank, and Northwest Hudson Bay No. 4, in the extreme south end of producing Turner Valley.

The Alberta Oil Incomes well, given acid treatments totalling 9,000 gallons, wound up with a flush yield of around 1,600 bbls. in 15 hours, coupled with heavy pressure and a very satisfactory gas-oil ratio. Its production allotment is generally expected to be around 800 bbls. per day, placing the well among the largest in the field.

The Calmont Northwest well was completed last week end, with a yield of some 15 bbls. hourly. Given a wash treatment of 1,000 gallons of acid last week end, the well responded with a flush yield of around 85 bbls. an hour. A final treatment of 8,000 gallons of acid was expected to place the well among the best in the field.

The Twin Valley No. 1 well, placed on production last week with an initial production by heads of between 250 and 300 bbls. per day, was receiving a series of light acid treatments this week.

The Arrow Royalties No. 2 well, which was completed with an initial yield of between 150 and 170 bbls. daily, was undergoing further treatment this week.

Northwest Hudson Bay No. 4, the far south end completion, was given a series of acid treatments totalling 12,700 gallons and developed a flush flow of about 33 bbls. hourly—nearly 800 bbls. per day. The well was on test this week, with production allotment expected to be between 300 and 400 bbls. per day.

* * *

Wells Now Drilling

The wells drilling in the limestone this week were reported at the following depths: Allied Royalties No. 1, 206 ft. in the lime at 7,376 ft.; Home Millarville No. 1, 67 ft. in the lime at 7,269 ft.; Home Millarville No. 5, 246 ft. in the lime at 7,791; Foothills No. 5, 369 ft. in the lime at 7,547 ft., and Pacific Pete No. 4, 378 ft. in the lime at 7,907 ft.

* * *

The McColl-Frontenac Co. and the Dome Oil & Gas Co. spudded in drill tests on the promising Moose Dome structure last week. The field already proved to contain high gravity crude oil and natural gas in the Devonian limestone at depths from 1,500 to 3,500 ft., lies in mountainous country 40 miles southwest of Calgary.

The McColl-Frontenac test was drilling below 166 ft. this week with heavy duty rotary equipment. Drilling commenced in the Banff shale, with the Devonian lime expected about 200 ft.

The Dome Oil well, located down the south flank of the structure in lsd 4 16-22-6w5, was spudded with cable tools and is now below 40 ft. Drilling started in the Madison limestone, with the Devonian lime expected around 1,500 ft.

* * *

Vermilata Produces

The recently completed Vermilata Frankview No. 2 well, which kicked itself off and commenced flowing by heads on Oct. 22, is still running under its own power. Recovery is estimated at between 40 and 60 bbls. per day, but exact figures are not obtainable as the oil is, for the time being, going into a sump pit which cannot be accurately measured.

The recently completed Western Battleview No. 1 well is standing with considerable oil in the hole, awaiting the arrival of pumping equipment before going on test. Cement used to set casing has already been drilled out. The Richardson No. 1 well is rigging up equipment to drill out the cement plug in readiness for test. Conestoga No. 1, standing cemented in the Lower Cretaceous sand, will drill out after this operation has been completed at Richardson No. 1. The Acme No. 1 well, which caused a sensation recently when it blew wild for a few days, has been shut in pending decision about further testing. The well, which blew wild with an initial gas volume of between 6 and 7 million cubic feet per day, rapidly subsided as the gas pocket was depleted.

SISCOE OUTPUT UP

An increase in production was experienced by Siscoe Gold Mines in October with output for the month amounting to $148,992 from 19,937 tons of ore milled, for an average recovery of $7.73 a ton. This compares with $143,823 from 19,241 tons of ore and an average recovery of $7.49 the previous month.

VULCAN-BROWN DIVIDEND

A dividend of 2 cents a share has been declared by Vulcan-Brown Petroleums, payable Nov. 8, 1940, to shareholders of record Oct. 31.

Kirkland Lake Profit

Shows an Increase

An increase in profits was shown by Kirkland Lake Gold Mining Co. in the first nine months of 1940 with earnings amounting to $775,367 before taxes and depreciation compared with $665,843 for the corresponding period of the previous year.

Based on net earnings as stated, 9.85 cents a share was earned the first nine months of this year compared with 9.45 cents last year.

Bullion production has shown an even greater increase than earnings. Value of output for the first nine months of this year was $1,502,732 from 100,531 tons of ore for an average of $14.94 a ton compared with $1,207,462 for the corresponding period of last year when average recovery was $16.57 a ton.

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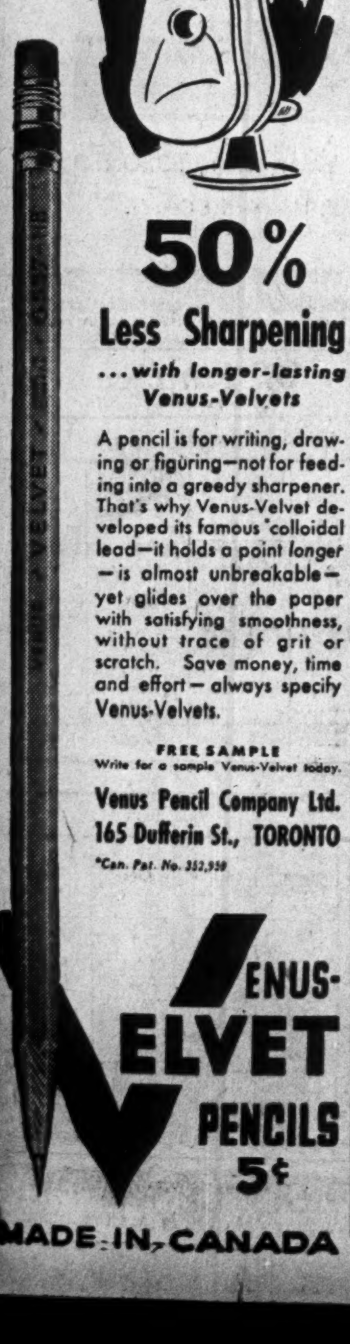
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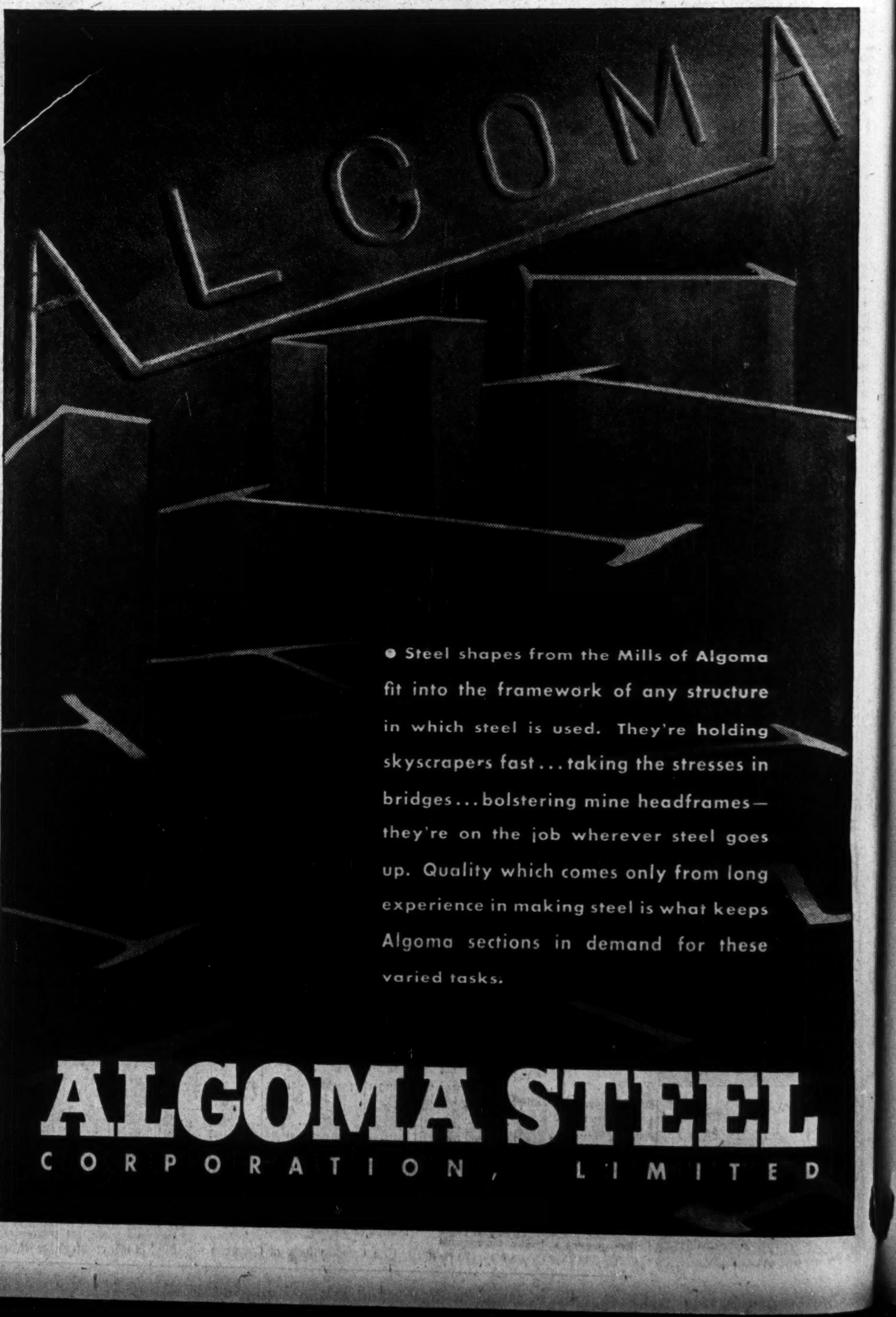

Tomorrow's Dividend Payers

By GORDON M. GRANT
Staff Writer, The Financial Post

New Gold Mines May Soon Join New Dividend Payers of 1940

This has been a banner year for Canadian gold mines. So far, no less than 21 have declared initial dividends compared with 10 for all 1939 and 11 in 1938. Before this year is out, it is quite possible still further gold mines may announce their first distributions to shareholders.

Several years of persistent mine-making effort are represented by the 1940 crop of new dividend payers. Almost half the mines reaching the dividend stage this year financed production by borrowing—repayment of borrowed money, in these cases, has necessitated a delay in dividends, the final dividend declaration being the more welcome when it has arrived. In certain cases mill expansion has come first—dividends second.

Although the flow of new dividend-paying mines in 1940 has been large, it by no means seems to be coming to an end. Other mines on the horizon are reaching a position where they can make their first distributions. A number of mines are busy liquidating indebtedness before dividends are reached, large ore reserves and the prospect of a substantial margin of profit suggests ultimate success for most of them. Just as there have been surprises in the new mines starting dividends this year, so there will likely be some surprises the next few years.

These Factors Help

While repayment of borrowed money often means that dividends are slow in starting, there are important offsetting factors. If money is borrowed, a smaller number of shares has to be sold—profits spread over a smaller number of shares mean higher dividends. Taxation favors new gold mines and helps early dividends. The $38.50 price for gold and treatment of as high a grade of ore as possible to aid the Dominion Government also means large initial profits and early dividends.

Let's look at how these mines are doing.

Aunor Outstanding

Perhaps the most successful gold mine in Canada not yet paying dividends, Aunor Gold Mines is understood to have built up a substantial treasury position since production was commenced in January this year. The company did not borrow to reach production and officials could apparently start dividends immediately if this were desired.

Before milling was commenced, it was reported by The Post, mill capacity could be doubled at practically no greater cost than the additional machinery required. Capacity was then reported at 300 tons daily. In practice, however, the mill has proved capable of treating 400 tons a day with little difficulty.

While no official information is available, it is possible that money now being placed in the treasury by profits is being earmarked for expansion and dividends have not been started for this reason. Last July production was stepped up sharply through treatment of higher than average grade ore to assist the Dominion's war effort. Production for the month was in the neighborhood of $200,000, with recovery around $16 a ton, compared with the $10 average recovery that had been estimated before milling was commenced.

Even with a $10 recovery a handsome margin of profit could be realized. With a $16 average recovery and the lower costs with a 400-ton milling rate, it appears that the amount of money being realized as profit is very substantial.

Negus Dividends?

Milling operations at Negus Mines in the far Yellowknife area started in Feb., 1939. Production with a 50-ton mill was largely financed by borrowing and there was $200,000 of indebtedness last December. Now the company has returned most if not all of its indebtedness and is stated to be in a position where declaration of an initial dividend can be considered either this year or early next year.

Minewise considerable progress has been made at the Negus property in recent months. Ore is being opened up at the new 425-ft. level with 65 ft. of drifting returning an average of 1.5 oz. uncut value across drift width of 30 inches, with the face continuing in ore. Shaft sinking to a new fifth level is also proposed. The company mines about 80 tons a day, with 15 tons discarded as waste and the balance going to the mill has a gold content of an ounce a ton. With Consolidated Smelters completing its new hydro-electric power plant in the Yellowknife area shortly, the company may soon have the benefit of hydro power.

Francoeur Improves

Rapid progress has been made by Francoeur Gold Mines in the current year. Opening up of the new north ore zone was an outstanding development. Besides its north ore zone the company has discovered new parallel ore to the west at the fourth level of the main workings. It is thought this latest ore showing may represent the top of a new ore lens.

At the end of 1939 Francoeur had very little in the way of working capital, but steady operating profits this year have built up liquid assets, so consideration can be given to dividends. Production has been higher and this has affected operating profits favorably. At present about 5,500 tons of ore are put through the mill daily. Recovery is averaging around $7 a ton. With a larger proportion of ore expected from the north ore zone in the future, average grade of ore treated may be raised further, resulting in still better operating profits.

Naybob Dividend Near

An initial dividend may be declared by Naybob Gold Mines before the end of the year, according to sources close to the company. There have been reports a distribution of 2 cents a share is being planned.

Steady operating profits are being realized and no difficulty would be experienced in making a distribution of 2 cents. Such a dividend would require only $90,000 and the company had net working capital of about $175,000 the end of last August.

A great improvement has taken place in the mine position of the company over the last two years since the discovery of better grade ore in a new ore shoot in the mariposite zone. Since discovery of the first ore shoot two others have been discovered, improving the position of the mine still further. This has been reflected in a steady increase in production during 1940, which has proved by far the best year in the company's history.

Jason Works Ahead

With the company continuing its present profitable operations, Jason Mines is expected to be able to retire remaining indebtedness by the end of the year, clearing the way for dividends in 1941. Operating profits are running between $40,000 and $50,000 monthly, with a $110,700 profit realized in the three months ended Sept. 30, 1940.

Hydro-electric power has made a great difference to the company and operating costs have been kept well below $10 a ton with mill heads running $18 a ton. Ore reserves on Sept. 15 were sufficient for between three and four years' requirements and there are indications of much further ore to be opened up when development progresses sufficiently. On the basis of present operating profits, dividends at the rate of 10 cents a share per annum appear well within the range of possibility, it is reported.

Gold Fields Impresses

Malartic Gold Fields is another company which financed a large part of the cost of mill construction through borrowing. When production was commenced last December, current liabilities exceeded current assets by over $300,000. With operating costs down to $3.50 a ton early in the year substantial operating profits have since been realized, recovery averaged nearly $9 a ton for the first nine months of 1940. If only a $5 a ton operating profit were realized, however, operating profits for the first nine months of 1940 would be over $550,000, sufficient to retire all indebtedness and to leave some working capital over. The company has proceeded with the doubling of its mill capacity this year, however, which was expected to cost $175,000.

With the mill up to 800 tons daily later this year, however, the company is expected to have one of the most profitable gold mines in Quebec. If average recovery does not come down, output will be at a rate of over $200,000 monthly, well over half of which will be operating profit. With operating profits at this rate, commencement of dividends would not likely be far off.

Senator Now Milling

Milling operations of Senator-Rouyn in the leased mill of Arntfield Gold Mines commenced the middle of last month. If expectations are realized, the company's finances may be such as to allow payment of a dividend before next year passes.

Treating 250 to 300 tons of $10-$12 ore daily it is expected the company will realize operating profits of $40,000 to $50,000 monthly. At this rate it will take six to eight months to pay for the 300-ton mill for which a contract has been let. To finance present operations the company sold $150,000 of notes and arranged for a bank credit in case this is needed. The bank credit would be secured by pledging bonds which have not been issued.

Before milling was commenced, ore reserves were estimated at 200,000 tons averaging $10.20 a ton. An ore exposure at the 800-ft. horizon is stated to indicate this tonnage may be doubled, however.

Faymar Reduces Bonds

Operations at Faymar Porcupine Mines in the Porcupine area have apparently been on a profitable basis since the mill turned over earlier this year. Already the company has retired $20,000 of its bond issue, getting that much closer to dividend distributions.

In the Red Lake area, milling operations have been commenced at the property of McMarmac Red Lake Gold Mines with a 75-ton unit in production. Although mill capacity is small, average grade of ore treated is high and officials anticipate a good margin of profit. Indebtedness to McKenzie Red Lake Gold Mines must be retired before dividends can be commenced.

Sachigo River Exploration Co. has realized a considerable profit from its operations and officials have been giving consideration to a dividend. There are stated to be some indications of the ore situation taking a turn for the better at the Sachigo mine.

These Golds This Year Make First Distribution

	Initial dividend c.	Date declared payable		Initial dividend c.	Date declared payable
Broulan Porcupine ..	3	Oct. 1	Magnet Consolidated.	5	May 15
Chesterville Larder Lake	5	Dec. 14	Matachewan Consol..	2	Nov. 30
Cochenour-Willans ..	3	Nov. 15	Preston East Dome ..	5	Jan. 15
Delnite Mines	3	Apr. 30	Relief Arlington	5	Sept. 23
East Malartic Mines.	10	June 1	Sigma Mines (Que.).	30	July 27
Gold Belt Mining Co.	2	June 29	Spud Valley	2	July 10
Guysborough Mines..	2½	June 29	Sturgeon River	2	Apr. 30
Kerr-Addison	5	Aug. 1	Surf Inlet Consol. ...	1½	Sept. 16
Madsen Red Lake ...	3	June 25	Upper Canada	3	Aug. 31
MacLeod-Cockshutt .	10	Apr. 30	Wendigo Gold Mines.	3	Dec. 2
			Yukon Consolidated .	8	Mar. 30

N. A. Molybdenum To Resume Work

At a meeting of directors on Oct. 25, 1940, it was decided to plan for resumption of work at the property of North American Molybdenum Corp., at an early date, according to a letter being forwarded to shareholders over the signature of M. F. Blue, secretary.

While no official announcement has yet been made, the letter states there is every prospect of a lifting or a modification of the ban on shipment of molybdenum concentrates from this country within the next few days. This is the reason for deciding to resume work.

With a mining plant installed last May, it is now proposed to undertake the mining and production of ore as soon as possible, it is stated.

Mining Concentrates

Arntfield Gold Mines has let a contract for 10,000 ft. of diamond drilling to explore ore possibilities of unexplored sections of its large property adjoining Francoeur Gold Mines in Beauchastel twp., Que. The present programme will be carried out under the direction of Dr. J. E. Gill of Montreal. One of the primary objectives is to find out if the new Francoeur ore zone strikes into the company's property with a recurrence of ore bodies on Arntfield ground. Underground diamond drilling is already in progress with several drill holes completed, it is stated.

* * *

Brock Gold Mines is reported to be making good progress in installation of equipment for its programme of underground work at its property in the east Kirkland Lake area adjoining Upper Canada Mines. An electic power line has been built, an electric sub-station for 300 h.p. has been erected, and a double drum hoist capable of operating to 1,500 ft. has been installed. Diesel equipment will be retained for stand-by purposes. Following shaft sinking, levels are to be opened up at 202, 323, 354 and 579 ft. to test results secured in diamond drilling.

* * *

Chesterville Larder Lake production was a new record in October amounting to $133,710 from 21,723 tons of ore milled for an average recovery of $6.11 a ton compared with $118,440 from 20,879 tons of ore and average recovery of $5.66 a ton the preceding month. Previous record production was last June when $124,782 was recovered from 18,632 tons of ore, an average recovery of $6.70 a ton.

* * *

Glenora Gold Mines reports that the Toronto Stock Exchange has given its consent to release of 676,875 shares pooled at the pleasure of the Exchange and the Ontario Securities Commission. Previous work did not warrant further development of the property, it is stated, and officials considered that holders were entitled to receive delivery of their stock.

* * *

Island Mountain Mines has declared an interim dividend of 7 cents a share payable Dec. 16 to shareholders of record Dec. 2. A payment of 8 cents a share was made on May 15 of this year.

* * *

Jellicoe Mines (1939) has secured consent of the Toronto Stock Exchange to release of 619,000 shares held in pool subject to release by the Exchange and the Ontario Securities Commission. Operations are now thought to be on purely a salvage basis. There is stated to be still some ore remaining to be custom milled, the plant and equipment are being sold.

* * *

McWatters Gold Mines operating profit for the three months ended Sept. 30, 1940, is reported at $27,867 before taxes and write-offs compared with $35,527 in the preceding quarter. Total operating profit for the first nine months totals $99,936 against $126,920 in the same period of 1939.

* * *

MacLeod-Cockshutt Gold Mines has declared a dividend of 10 cents a share payable Dec. 20, 1940, to shareholders of record Nov. 30. A similar dividend was paid on April 30.

* * *

Senator-Rouyn is expected to have its new 300-ton mill completed about May 1 of next year. In the meantime tonnage being treated at the mill of Arntfield Gold Mines is reported to have been increased from 250 to 275 tons daily. It is thought the tonnage will soon be further increased to 300 tons daily.

* * *

San Antonio production for the period from Jan. 1 to Oct. 6, 1940, is reported at $1,068,394 from milling 93,708 tons of ore for an average recovery of $11.40 a ton. This compares with $936,326 from 90,073 tons and average recovery of $10.39 in the corresponding period of 1939.

* * *

Teck-Hughes Gold Mines shareholders were informed at their annual meeting last week that the future outlook for the company was the best in some years due to improvement in the position of its subsidiary, Lamaque Gold Mines, plus the well maintained reserves of the parent company. Ore reserves are now sufficient for 22 months at the present reduced milling rate of 800 tons daily, it was stated. Diamond drilling is being continued on a group of claims in Clericy twp., northwestern Quebec, shareholders were informed by D. L. H. Forbes, president. Shareholders gave their approval to a by-law moving the head office of the company to Woodstock, Ont., from Toronto, to effect tax savings and to aid lawsuits now in process against Toronto.

* * *

Yama Gold Mines may soon secure delivery of hydro-electric power at its property in the Larder Lake area, it is stated. News concerning acquisition of new equipment may also be available shortly. Drifting west on the "F" zone at the 500-ft. level has now opened up 49 ft. which averages $11.15 across 47 inches. It is now anticipated by the management that combined ore length of 370 ft. opened up for this zone on the 250-ft. level may be substantially increased for both the 375- and 500-ft. levels. The "C" zone on the 500-ft. level has been developed for 56 ft. averaging $13.25 across 29 inches.

Shaft Sinking Reduces Leitch Gold Profits

Cost of shaft sinking and of work on the adjoining property of Halport Mines reduced earnings of Leitch Gold Mines in the three months ended Sept. 30, 1940, with net profit of $33,087 or 1.2 cents a share compared with $63,132 or 2.2 cents a share in the previous quarter.

Sinking of the shaft during the September quarter entailed an expenditure of $29,387 while $14,976 was expended on the optioned Halport property with 149,759 shares received in return. A total of $25,541 was expended on the Halport property to Sept. 30 with work now discontinued until next spring.

COMMOIL DIVIDEND

A dividend of 1½ cents a share has been declared by Commoil Ltd., payable Nov. 25, 1940, to shareholders of record Nov. 15; ex-dividend date is Nov. 14. One cent a share was paid Aug. 29, 1940.

Anglo-Huronian Pays Dividend

Declares 10-cent Distribution With Others Expected to Follow

At the annual meeting of shareholders of Anglo-Huronian held the latter part of last week, it was announced a dividend of 10 cents a share had been declared. President André Dorfman stated he anticipated the company would be able to continue payments at approximately 20 cents a share per annum while continuing its programme of exploration.

Dividends were commenced by Yukon Consolidated, Sigma Mines (Quebec) and Kerr-Addison Gold Mines during Anglo-Huronian's fiscal year and it is expected that investment income will now allow dividends to be maintained if there are no unexpected great changes in mine costs, metal prices, taxation, etc. The new dividend policy places no dependence on capital gains, it is stated, but rather on producing mines in which the company has substantial interests.

Value $3.89 A Share

Net liquid assets of the company on Oct. 15, 1940, had a market value of $5,841,385 or $3.89 a share with 68.69% invested in Canada, 30.29% in the United States and the remainder in Great Britain. Of the company's investments, 55.07% was in gold stocks, 15.50% in oils and 12.00% in government and corporation bonds.

The liquidation value does not include anything for a number of holdings, it is stated. The company has a large interest in Mace Gold Mines, for instance, whose property is now being explored underground on several levels from the workings of Hollinger Consolidated and nothing is included for this asset.

In concluding his remarks to shareholders, Mr. Dorfman stated that the company was particularly happy to resume dividend payments as at least a third of the company's shares were held in England and that the dollar income from distributions would be greatly appreciated there.

Dosco Sets New Pig Iron Record

From Our Own Correspondent

MONTREAL. — Operations at the Sydney steel plant of Dominion Steel & Coal Corp. continued at capacity during September, output amounting to 32,000 tons, bringing total for the year to date up to 292,000 tons. In September last year production amounted to 24,000 tons and for the nine months 179,000 tons.

An all-time record production is indicated for 1940, as output to the end of September was 33,000 tons more than for all of 1939.

Mining Enquiries

Pickle Crow

What explanation can you offer for the current high yield on shares of Pickle Crow Gold Mines?

Perhaps part of the explanation for the high yield at present available on the shares of Pickle Crow Gold Mines is the decline in the average grade of ore opened up at the bottom level at 1,950 ft. depth. Grade of ore is little more than half that of the ore disclosed on the upper level and although the company reported ore reserves sufficient for four years' milling operations at the end of 1939, many people are apparently steering clear of the stock until the mine situation is clarified. Recently The Financial Post reported that rich new ore had been opened up on the 750-ft. level to the north and this conceivably may better the complexion of the mine's affairs. Results on the controlled Albany River property may also assist the company.

International Nickel

Please outline for me the important changes in the position of International Nickel Co. arising out of the war. What would you say is the present trend of earnings?

While International Nickel Co. of Canada has lost practically its entire market in continental Europe, this loss has been more than made up for by increased demand for both copper and nickel from the United Kingdom, the United States and Canada, now all engaged in large-scale construction of armaments. Operations of the company's plants are at capacity and it is a question if even recent expansion will be sufficient to meet the accelerated demand for the company's products.

In peacetime, the great demand now being experienced for base metals would mean record earnings and possibly record dividends. But this is wartime and profits are not so much greater than in peacetime. Copper is being sold at a fixed price which approximates that at the outbreak of war, so that increased profits from this source depend on a greater output. With nickel, the company now enjoys the premium on United States currency as nickel is sold at a fixed price in terms of American funds. Greater taxation is the chief factor offsetting increased earnings from production of copper and nickel. An earnings statement has not been issued for the third quarter of this year, but in the three months ended June 30, 1940, earnings were equal to 53 cents a share, compared with 64 cents a share in the preceding quarter and 53 cents a share in the same quarter of 1939. The June quarter was a period of adjustment as that was the time France was collapsing. The step-up in industrial demand is now just getting well under way and it appears likely that operating earnings will be higher from now on, if this is not actually revealed by figures for the September quarter. The earnings figures mentioned for this year are after taxation which is close to double that for the corresponding period of 1939. Taxes will be heavier when and as earnings increase. There has been no sign, however, that the current dividend rate will be endangered.

After the last war, International Nickel suffered due to the cutting off of the demand for nickel. After this war, the situation will likely be different. New uses have been worked out for nickel in peacetime and it is quite possible that these will be extended as technological advance proceeds. The company has tremendous ore reserves and it appears to be in an excellent position to help both in fighting the present war and in the important task of reconstruction after the war is over.

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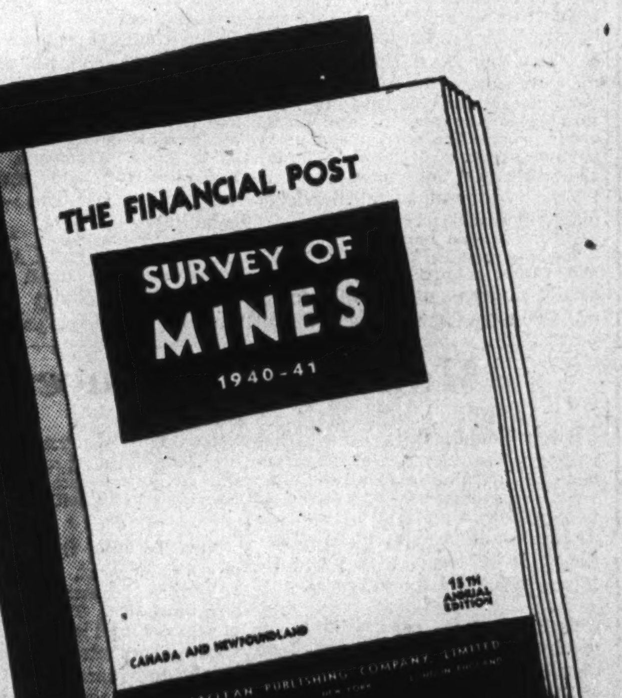

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What About Foreign Bonds?

Canadian Investors Have a Substantial Stake in South American Bonds — They Also Have a Similar Interest in Europe — What are the Prospects of Returns? The Answer Lies in the Outcome of the War

By HAROLD H. HILLIARD
Staff Writer, The Financial Post

Is there a silver lining to the foreign bond cloud?

The answer is anxiously sought by Canadian investors still saddled with Latin American and European government securities purchased at the inflated prices of the roaring '20's. Briefly the whole future of foreign bonds is tied in with a victory of the democracies against tyranny. The fate of European bonds—and indirectly of Latin American ones too—rests largely with Mars.

Assuming the democracies will achieve a victory at least equal to that of 1918, and taking a long-range view, there probably is some cause for optimism for Latin American government bonds, but little for those of European countries. The outlook for all foreign bonds "for the duration," however, is not bright.

To appraise the future, it is necessary first to understand what Canada's foreign stake is—how it came about.

Started After Last War

In the decade following the last war, investors of this country stepped into foreign financing for the first time on any large scale. Dominion Bureau of Statistics figures include an estimate of about $382 millions as the total in 1937 of Canadian holdings of foreign securities—almost entirely of bonds in Latin American and European governments. The total probably is lower than in 1930, although comparable official figures are not available. Buying of foreign securities during the past decade has been confined almost entirely to United States issues.

United States and United Kingdom holdings total about $1,100 millions, including plant investments, etc., as well as securities. But these are outside the scope of this article.

Biggest purchases were made about the mid 20's, and buying at times resembled the feverish pitch of a gold rush. Total of $100 millions of foreign bonds was acquired by Canadians in the 18 months ended June, 1926.

The major buying in Latin America was of Argentina, Brazil, Chile and Colombia government issues. Securities of Peru, Bolivia, Uruguay and Mexico were bought in smaller amounts. The issues most widely held at present are listed in an accompanying table.

When Buying Done

The Latin American buying was done during a period of economic expansion, when funds were needed to build dams and roads and other similar projects. Investors demanded exceptionally high interest rates—up to 8%. The money which went into actual construction, however, was abnormally low.

United States companies did much of the building and on a cost-plus basis. American investment houses handling the bond issues in some cases obtained big commissions—as high as 15%.

Construction was carried out at the high prices prevailing in the 1920's for building materials, wages, etc.

Debt Out Of Line

All in all, the countries became saddled with debt far out of line with the actual value obtained. When the economic collapse came in 1929, most of them were thrown into severe difficulties. Progress toward making adjustments on defaulted interest and maturity payments has been slow. Practically all of the countries still require capital reorganizations.

The best account has been given by Argentina, which maintained interest payments during the most difficult years of the early 30's. Conversions were carried out in 1937 and 1938 at lower rates of interest in order to ease the burden and make payments more certain. Uruguay also converted into new issues in 1937 at lower coupon rates and has maintained full service since.

Partial Payments

Three countries, Colombia, Brazil and Chile, at present are making partial payments on defaulted interest. Colombia has announced a plan to convert 1927 and 1928 external issues into new bonds bearing not more than a 3% coupon rate—compared with 6% originally. Interest of 3% on external issues is being paid this year, while in the conversion scheme it is planned to capitalize unpaid interest.

Brazil renewed partial interest payments this year. The distribution ranges from about 0.8% on the 6½% issues to 1% on the 8% bonds. No definite proposals for full readjustment of the debt have been reported.

Chile offered partial payments for the years 1936-1939 equal to slightly less than 1% per year—2.092% in 1939. Bondholders who failed to accept the offer can obtain payments now only for any further year they accept. To get even this, they also will have to surrender the unpaid coupons for the four years 1936-39, receiving nothing in return.

Peru, Bolivia and Mexico are not paying at present. But there is a possibility Bolivia may make a distribution shortly, as a bill is now before Congress asking for a fund to be set aside for debt service. This country defaulted in 1931 and has paid nothing since. Peru has only made two partial distributions since 1931—one each in 1932 and 1937. Mexico has been in trouble since 1914, and all bondholders have obtained since were warrants distributed in 1927 covering coupons for the period 1914-1927.

Face Difficulties

As to the future for the Latin Americans, questions being asked are: Are defaulters likely to resume debt service? What is the outlook for the return of capital? Are present payments even in jeopardy?

The promise is these countries have a difficult road to follow for the balance of the war. They have been hit by the loss of European markets. German and Italian trade—normally a major portion of overseas business—has been lost. Britain is increasing its buying as far as possible, but deals are being made to pay partially with Latin American bonds held in Britain instead of meeting all the bills with gold and goods. The United States has announced a plan for the purchase of Western Hemisphere surpluses for political reasons, and this also will tend to ease, although hardly likely to relieve completely the burden.

To the contrary, there are signs some South American countries may find it increasingly difficult to balance international payments with the United States. At the outbreak of war a year ago, they were compelled to turn to the U. S. for many items which normally were obtained from Europe. Sales to the U. S. have not increased in the same proportion, so demand has increased for supplies of dollar exchange which before were scanty enough.

Peace May Help

Looking to the post-war period, a democratic victory should go a long way toward re-establishing a "will-to-pay" among some of the Latin Americans. Some of the defaulters have the ability but not the will to meet all or a good part of dollar debt service.

One country in total default on dollar bonds since 1932 has a favorable trade balance with the United States since. Six countries in all had favorable balances in 1938, but made no interest payments that year. In contrast, Argentina, Dominican Republic, Haiti and Uruguay—with unfavorable balances — paid full bond interest.

After the last war, "will-to-pay" was general in Latin America, due probably in no small part to the British-United States victory over Germany. The Axis powers, capitalizing on the dazed condition of the democracies after the 1929 collapse, made big inroads and usurped much of the power of the English-speaking nations. This growing influence no doubt has been a major factor in some of these countries refusing to honor dollar and sterling obligations—even though able to do so. The tables might quickly be turned again in the event of an Axis collapse.

Export-Import Bank Helps

The Export-Import Bank set up by the United States is exerting an influence favorable to the resumption of debt service. The Bank is authorized to make Latin American loans—but not until defaulters arrange some form of adjustment on old obligations. The Bank is regarded as the prime influence in the recent resumption of partial payments by Chile and Brazil.

On the other hand, indications are Latin America will not enjoy a boom after this war comparable with the 1920's. The British Empire has become increasingly more self-sufficient since the last war, and this reduces its demands for South American raw materials. The purchasing power of Europe also has declined, and here again nations have become increasingly more self-sufficient.

For those wishing to liquidate holdings, opportunities arise periodically. The resumption of partial payments usually is accompanied by stronger prices for the respective bonds.

European Holdings

Principal holdings of European bonds by Canadians are in the Governments of the northern and Baltic countries of Estonia, Finland, Norway and Denmark; the enemy nations, Italy and Germany; the Balkan states of Bulgaria, Hungary and Yugoslavia, and France and Belgium.

With European bonds it appears to be more a question of: How long will payments be continued by those countries still servicing their debts? rather than: When are some of the defaulters likely to resume distributions?

The war already has completely disorganized Europe—reorganized it, in the terms of Hitler. So far the three aforementioned northern countries have maintained complete debt service, helped out by funds blocked in the United States. So have France and Belgium, but it is doubtful if any of the five countries will continue payments after those funds have been exhausted.

Renewed Russian demands on Finland and the danger of that country being taken over completely are reflected in quotations for Finnish bonds—despite its unblemished debt record. Estonia also has been maintaining debt service, but its recent incorporation into Russia has placed its bonds in a decidedly precarious position. Continuance of interest service appears doubtful.

Balkans Chronically Weak

The Balkan states—including Bulgaria, Hungary and Yugoslavia—are chronically weak from a financial point of view. Holders of their bonds for a long time have had to be content with irregular and partial service on dollar issues. Indications these nations may become a battleground before the war is over further depress their outlook.

Italy has maintained debt service on its government issues, but default now is considered likely. Germany is continuing partial payments on the Young and Dawes loans. Canadians holding bonds in enemy countries—as well as of the invaded countries, Poland, France, Czecho-Slovakia, Holland, Denmark and Norway—must apply to the custodian of enemy property at Ottawa for payments due. If this authority has balances available from the seizure of enemy property it is probable interest can be collected.

Irrespective of the final outcome of the war, the financial position of many of the European countries already has suffered to such an extent that at least an adjustment of present debts appears probable. In countries where war damage has been heavy—France and Belgium for instance—the situation probably is even more difficult.

Latin American Issues

Coupon Rate %	Date of Issue	Date of Maturity	Outstanding $ 000	Approx. Current Price	Curr. int. payments %
Argentina:					
4	*1937	1972	68,502	59	4
4	*1937	1972	34,290	59	4
4½	*1938	1948	24,785	77¼	4.5
2	1933	1948	16,603	....	2
4½	*1936	1971	22,803	64½	4.5
*Conversion issues.					
Brazil:					
8	1921	1941	31,352	14	1
7	1922	1952	17,503	12¼	0.875
6½	1926	1957	56,108	11⅞	0.8125
6½	1927	1957	39,709	11¾	0.8125
Colombia:					
6	1927	1961	21,205	27½	3
6	1928	1961	30,018	27½	3
6½ Dept. of Cundinamarca	1928	1959	11,537	....	.....
Chile:					
7	1922	1942	12,413	....	†2.0925
6	1926	1960	29,143	12½	†2.0925
6	1927	1961	18,217	11⅛	†2.0925
6	1928	1961	10,303	11⅛	†2.0925
6	1928	1961	24,212	11⅛	†2.0925
6	1929	1962	6,966	11⅛	†2.0925
6	1930	1963	17,199	....	†2.0925
Peru:					
6	1927	1960	48,383	6¼	*nil
6	1928	1961	24,469	6¼	*nil
3	1938	1946	850	....	*nil
Bolivia:					
6	1917	1940	1,296	....	‡nil
8	1922-24	1947	22,072	....	‡nil
7	1927	1958	13,364	....	‡nil
7	1928	1969	22,690	....	‡nil
7	1930	1950	1,576	....	‡nil
Uruguay:					
3¼-4⅛	1937	1979	41,972	37	3¼-4⅛
Mexico:					
4	1904	1954	37,037	2¼	▲nil

†1939 payments. None reported this year. *Last payment made in 1937.
‡Defaulted in 1931; no payments since. ▲Defaulted in 1914; no cash payments since.

Municipal Finances

Owen Sound, Ont., council has authorized the issue of $48,202 of debentures to fund expenditures for local improvements. Total of $44,242 is to be for 10 years at 4% and the balance for 15 years at 4%. Application is being made to the Ontario Municipal Board for approval.

* * *

Rossland, B.C., reports improvement in finances for the first nine months of the year, following the establishment of a "pay-as-you-go" policy. Bank overdraft was cut $9,144 to about $10,150.

* * *

Hamilton reports revenue from two civic hospitals up over 28% or $69,922 in the first nine months of 1940. Street railway revenues of $24,879 are almost 19% higher and license receipts are up $5,059 or 10%. Gross debenture debt of $21.9 millions at Oct. 15 is the lowest in at least 11 years, comparing to a high of $31.8 millions in 1933 and $22.1 millions at the end of 1929. For several years in succession, an average of $2 millions was paid off annually.

* * *

Sudbury's growth in recent years is reflected in the increasing assessment of the city. Figure of $16.8 millions this year is up almost $1.2 million from 1939 and an increase of over $2 millions from two years ago. During the past five years, an increase of $500,000 to $1.5 million has been made each year.

* * *

Greater Winnipeg's Water District has completed refunding which saves $24,030 in interest annually. An $800,000, 6% debenture issue, which matured Nov. 1, was partially met from $240,000 accumulated in the sinking fund. Balance of $560,000 has been reissued at 4½% and sold to the district's sinking fund trustees at 99.50. Earlier this year a $1 million issue was partially refunded and partially retired on the same basis to save $30,000 a year, making total saving in 1941 on debt service charges of $54,030.

* * *

Kitchener's 1939 building boom—the highest volume in at least a decade—resulted in a jump in assessment this year of $705,417 to $28 millions. This, together with sharply declining relief, promises a reduction in the tax rate for next year—possibly of two mills.

* * *

New Toronto, Ont., is redeeming on Dec. 30, next, principal amount of $37,997 of general debentures not due until 1956. The amount is part of a larger total issued in accordance with a reorganization of the town's indebtedness carried out in 1938. Last year the city redeemed $667,306 debentures maturing 1940-54, and issued $610,585 new 3% debentures maturing in 1952 to effect a saving of $56,720 in interest. Total debenture debt at Dec. 31, last, was $1,451,270.

* * *

Kingsville, Ont., is calling for redemption on Dec. 31, next, $20,034 principal amount of debentures issued during 1936-40.

* * *

Windsor council has received a proposal to consider a city manager form of government and a smaller council. The council will be petitioned to reconsider the submission as soon as the legal status of such a petition can be determined.

* * *

Sudbury has obtained approval from the Ontario Municipal Board for the issue of about $21,000 of 4½% installment debentures, repayable in 10 years, to cover public works.

* * *

York Township, Ont., reports the best financial position since the late 1920's, with a cash reserve in the bank of $450,000. The treasurer recommends a portion of the amount be used to buy in debentures of the municipality or pay off principal of a bank loan made for capital expenditures.

* * *

Mimico, Ont., has decided to redeem debentures totalling $25,559 on Jan. 1. The issues mature in 1941-42 and for the most part are being called a year ahead. Further advance redemptions are in prospect, as a surplus of about $30,000-$35,000 is anticipated this year. Total debenture debt of $1.6 million was reported at the end of 1938.

War Building To Continue

Military Projects Tapering Off But Factory Programme Still Large

The large volume of construction of air training, military training and mobilization, and other defense projects is tapering off, but the building industry will be kept busy for some time erecting war factories and plant extensions, according to official assurances from Ottawa.

These assurances are apparently designed partly to allay fears in the industry, that end of the building programme for the Empire Air Training Scheme and military needs would bring a marked lull in war building activity. The impetus of war projects of various types in the past six months has lifted volume of construction in Canada to the highest level in 10 years.

Big Programme

According to a statement issued by Hon. C. D. Howe, Minister of Munitions & Supply, continued activity in heavy construction is assured by the widening programme of building for war industries. Many structures are now being built, contracts for others have been let recently, and other are in prospect, he pointed out. Factories and plant extensions for which financial commitments have been made by the Crown have a total value of $250 millions, the statement said.

This figure consists largely, of course, for machinery and equipment, but amounts varying from 10% to 25% would go for construction of the various projects.

Work to Date

Mr. Howe's statement reported that expenditure to date for 383 construction jobs for the R.C.A.F. and air training plan is over $50 millions, while cost of 71 army projects is set at $12 millions, and the figure for naval defense works at $737,000. The minister notes that timber control action averted a threatened lumber shortage for the huge programme, and that resources of other materials and equipment were found adequate. He pays tribute to the co-operation of the construction industry and building labor.

"We do not know of any construction contract let since the outbreak of war that has netted the contractor what, by any stretch of the imagination, could be considered an excessive profit," the statement adds.

Finance Biggest Hurdle In British Food Deals

From Our Own Correspondent

OTTAWA.—Although Hon. J. G. Gardiner, minister of agriculture, has been in London negotiating new agreements with Britain on food products, no official announcements on results have been forthcoming. Mr. Gardiner, in his latest statement, says that he will not return to Ottawa as soon as he hoped to do and that no new agreements will be made until he does return and discusses the detail with the cabinet.

The understanding at Ottawa is that Mr. Gardiner's mission has broken down on the financial side. Apparently there would have been reason to expect larger purchases of Canadian foodstuffs by Britain and perhaps at higher prices, provided the treasury at Ottawa would agree to finance the deals.

Financing would take one or two forms. Canada could excuse Britain entirely from transferring any part of this Dominion favorable balance in sterling to the United States to help meet Canada's adverse balance there. This would relieve pressure on Britain in United States funds and enable more generous commitments to be made in Canadian dollars. Alternatively, Canada could undertake the payment for all additional British purchases, financing these by an enlargement of the repatriation operations.

Failing an agreement along these lines there is a growing opinion here that additional British purchases of foodstuffs in our markets will be difficult to negotiate. Indeed it is believed that Britain may well insist upon lower prices for many of the commodities she now buys—notably wheat and bacon.

Since the bacon agreement was negotiated a year ago and since the last wheat deal was entered into last spring, Britain's position has been tremendously improved. Up until the blitzkrieg began, Britain was seriously cramped for shipping and Canada, as the nearest and safest source of supply, was in a favored position. But as Hitler overran continental Europe he sent government after government into exile and into the war at Britain's side. In this way, British shipping was immensely augmented, particularly by Norwegian, Dutch and now by Belgian bottoms. This increase in available shipping enables Britain to draw supplies from a much greater area of the world.

There is nothing official to go on but the phrasing of Mr. Gardiner's statement would indicate that he may have tentative agreements which would require the Government to put up much larger sums of money on Britain's account. The feeling is that proposals of this kind will encounter stiff opposition from the treasury officials.

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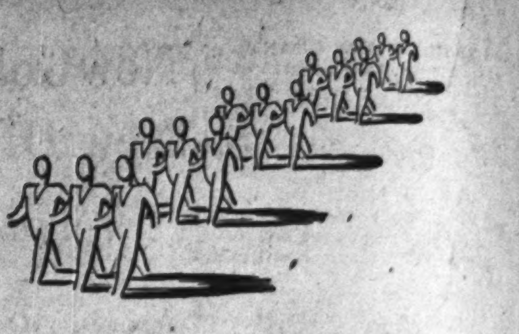

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